



ACTUARIAL SOCIETY
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Hong Kong Actuaries

Actuarial Society of Hong Kong's Newsletter

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*Life Insurance and
Actuarial Market in India*

Actuarial Update from Japan

*Preparation of Roadmap to
Advance and Enhance Framework
for Financial Soundness of
Insurance Company in Korea*

*Risk Based Capital Framework for
Insurers in Singapore*

*An Update on the Institute and
Faculty of Actuaries*

*A Strong Global Presence from
the Society of Actuaries*

Feature Article Theme:

Global Actuarial Update

**Call for Articles or
Views for the
next issue of
Newsletter**

While all articles are welcome, we would especially like to receive articles for the Feature Articles and Knowledge Sharing sections. If you have written any inspiring articles or have read any interesting articles from other actuarial organization(s), please feel free to let us know. We will try to reprint the article(s) in our newsletter to share with our members. For the above issues, please e-mail your articles or views to Simon Lam by email at slam@munichre.com or ASHK's office by email at actuaries@biznetvigator.com.

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Note: Views expressed are not necessary those of The Actuarial Society of Hong Kong

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Dear Readers,

We are pleased to welcome you all to the third issue of newsletter in 2014!

In this issue, we have revamped the layout to make it more refreshing and easier to read. It also has the brand new name %Hong Kong Actuaries+ to signify this milestone of our effort to more comprehensively address our readers' needs with our professional image.

We would like to express our gratitude to all members for the valuable opinions in the membership survey. We are now consolidating the immense input and will be sharing the results with our members in the coming issue.

A review of the survey responses allowed us to see our members' desire for a better understanding of the global actuarial development, and so we have developed a section of %Global Actuarial Update+ in this issue with the hope of meeting your needs.

For this topic, we are glad to have the support from actuarial societies in India, Japan, Korea, Singapore, UK and USA (countries listed in alphabetical order) in enhancing our knowledge in their respective regions. With the much appreciated input from our counterparts around the globe, the content may be too rich to fit into a single issue, thus we will be continuing to provide information for the rest of the countries update in the coming issue.

Besides, it is our pleasure to have the update from the Office of the Commissioner of Insurance on the latest development of the Independent Insurance Authority initiative. Also, interviews were held with senior industry practitioner, Patrick Poon, to provide us with advice on career development. Finally, we have Eric Yau to share with us about the Economic Capital in Asia Pacific to supplement our country update in this issue.

May I, on behalf of ASHK, show our heartfelt appreciation to the Institute of Actuaries of India, the Institute of Actuaries of Japan, the Institute of Actuaries of Korea, Singapore Actuarial Society, Institute and Faculty of Actuaries and Society of Actuaries, Commissioner of Insurance, Annie Choi, Patrick Poon, and Eric Yau for their cordial contribution to our newsletter. This issue could not have been published successfully without their help.

Apart from that, the framework for the Hong Kong RBC concept paper has been issued for public consultation. We will be updating the news for readers in the coming issue.

Again, our committee is happy to listen to recommendations on both membership and publications matters. Please feel free to contact me at slam@munichre.com or ASHK's office at actuaries@biznetvigator.com for any ideas of interest.

Having spent the effort in attempting to improve the newsletter, it is our sincere hope that everyone will benefit from the advancements and enjoy reading this publication. Happy reading!

Simon Lam
EDITOR



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Global Actuarial Update



Contribution from India:

Life Insurance and Actuarial Market in India



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The insurance market in India was opened up to private insurers in the year 2000 with a restricted participation of foreign capital at 26%. Composite insurance entities are not allowed in the Indian market and market players are only permitted to operate as separate entities for life and non-life segments. Standalone health insurance companies are also permitted. As many as ten life insurers and six non-life insurers started business in the beginning and after more than a decade of opening up the sector, a total of 52 insurers are in the market which include 24 life insurers, 23 non-life insurers and 5 standalone health insurers.

Insurance penetration and density levels had been low in the pre-liberalization era in comparison with any other developing country when only public sector life and non-life companies operated in the Indian market. A comparison of insurance penetration and density with global insurance markets is shown below:

INTERNATIONAL COMPARISON-Year 1999						
(Insurance Penetration & Insurance Density)						
Countries	Insurance Penetration (Premiums as % of GDP-year 1999)			Insurance Density (Premiums per capita in USD-year 1999)		
	Non-life	Life	Total	Non-life	Life	Total
United States	4.32	4.23	8.55	1,474.40	1,446.60	2,921.00
Canada	3.31	3.19	6.50	700.60	674.60	1,375.20
Brazil	1.66	0.35	2.01	56.70	11.80	68.50
Mexico	0.86	0.82	1.68	43.30	41.30	84.60
Chile	1.13	2.65	3.78	48.70	114.30	163.00
United Kingdom	3.05	10.30	13.35	741.50	2,502.80	3,244.30
Germany	3.55	2.96	6.51	913.50	762.20	1,675.70
France	2.82	5.70	8.52	688.60	1,392.30	2,080.90

INTERNATIONAL COMPARISON-Year 1999 (Contd)						
(Insurance Penetration & Insurance Density)						
Countries	Insurance Penetration (Premiums as % of GDP-year 1999)			Insurance Density (Premiums per capita in USD-year 1999)		
	Non-life	Life	Total	Non-life	Life	Total
Russia	1.34	0.78	2.12	17.00	9.90	26.90
Japan	2.30	8.87	11.17	805.50	3,103.40	3,908.90
South Korea	2.89	8.39	11.28	262.30	760.50	1,022.80
PR China	0.61	1.02	1.63	5.00	8.30	13.30
India	0.54	1.39	1.93	2.40	6.10	8.50
Malaysia	1.72	2.16	3.88	62.30	78.10	140.40
Indonesia	0.76	0.66	1.42	5.10	4.40	9.50
South Africa	2.62	13.92	16.54	77.90	413.00	490.90
Nigeria	0.88	0.07	0.95	2.40	0.20	2.60
Kenya	2.48	0.78	3.26	7.50	2.40	9.90
Australia	3.39	6.43	9.82	703.80	1,333.60	2,037.40

Source: Swiss Re, SIGMA/9-2000

Life insurance

Riding on the growth in the market as a result of pro-liberalization policies, new private life insurers introduced a number of unit-linked products under which the investment risk is borne by the policyholder. A few of the companies achieved break-even level earlier than expected. However, many of the insurers without banking partner struggled for top line growth. Establishment and stability of sales channels has been most challenging and except for insurers with banking partners, the issue remains challenging.

In the year 2000-01, the life insurance market, collected an overall annual premium of INR141.07 billion including annuity premiums. Business volumes in respect of new business premiums grew close to 26% on compounding basis per annum to reach INR871.08 billion by year 2008-09 shared by 22 life insurers. The network of offices stood at 11,815 out of which 8,785 were operated by private insurers. The life insurance penetration level improved significantly to 4% level from 1.39% in 2000-01 and higher than many Asian economies. Insurance density also registered a multi-fold increase to USD41.20 from USD6.10.

ASIAN MARKET COMPARISON (Insurance Penetration and Insurance density-Year 2009)						
Country	Insurance Penetration (Premiums as % of GDP-year 2009)			Insurance Density (Premiums per capital in USD-year 2009)		
	Non-life	Life	Total	Non-Life	Life	Total
Japan	2.20	7.60	9.80	829.10	2,869.50	3,698.60
Singapore	1.60	6.30	7.90	630.00	2,549.00	3,179.00
India	0.60	4.00	4.60	6.20	41.20	47.40
Malaysia	1.50	2.80	4.30	119.50	225.90	345.40
Thailand	1.50	1.80	3.30	64.90	77.20	142.10
China	1.00	2.20	3.20	33.70	71.70	105.40
Sri Lanka	0.90	0.60	1.50	19.30	12.80	32.10
Philippines	0.50	0.90	1.40	9.40	16.20	25.60
Indonesia	0.40	0.90	1.30	9.40	20.10	29.50
Pakistan	0.40	0.30	0.70	4.00	2.80	6.80

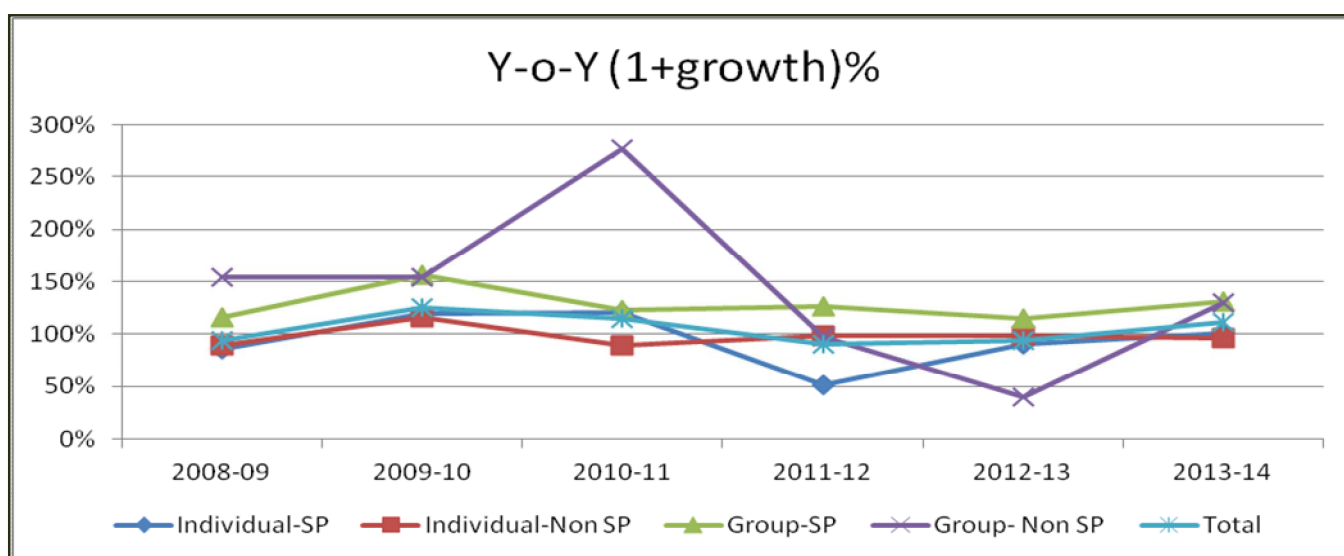
Source: Swiss Re SIGMA/3-2009

New life insurers registered sharp growth in their business volumes and there were times when they captured 40% of the market share from the public sector monopoly, Life Insurance Corporation of India whose name was synonymous with life insurance till then. The growth in life insurance business continued in the market mainly due to the economic growth and higher awareness to the public on savings and insurance.

However, the financial meltdown in the year 2008 impacted the Indian economy (as most other global economies) and investment linked products suffered due to a loss in confidence in unit-linked products and to a large extent in life insurance itself. With the overall charges on the unit-linked products being capped by the regulators at a moderate level in order to curb mis-selling of these products, the overall commission payable to the distributors underwent a sharp decline. This also affected the sale of unit-linked products in a big way.

The public life insurer, Life Insurance Corporation of India bounced back quickly by changing the mix of products and restored its supremacy in the market with nearly ¾ the market share. Private life insurers had to take a back foot with limited non-linked products in their portfolio and had to adopt different business models to regain the confidence of the public who have perceived life insurance as a short term investment. The regulator, on the other hand, perceived the period as most appropriate to bring in a number of modifications in the existing regulations to bring back the confidence of the policyholders and to re-develop the market further.

The life insurance market has been riding on Group Insurance business for quite some time to retain its business volumes and have registered an overall moderate annual compounding growth rate of 4% per annum starting from 2007-08. Product design guidelines for both linked and non-linked categories were introduced by the regulator during March 2013 which led to a complete overhaul of all existing individual products in the market.



The overall volume of business has been more or less stagnant during last 4-5 years as the Indian economy has slowed down, leading to a drop in confidence of the investors. At the same time, periodic regulatory interventions have continually forced insurance companies to review their strategies. This led to the penetration level falling to 3.9% from 4% continued from year 2008. The life insurance density also dropped to USD42.7 from USD48.6 existed then.

After revamping of the product portfolio as per new product regulations issued by the regulator in 2013, all existing products which offered a wide range of choice to the customers have been withdrawn, including a few of the most popular products in the market and market was re-established. The process of re-introducing the range of products is ongoing and the full range of products which existed prior to the regulations are not yet in place. However, the pension products which went missing over the last two years as a result of an onerous long term return guarantee being sought by the regulations, came back with the requirement of a capital guarantee. By and large the regulatory changes in the products are seen by the market as enhancing value to the customer. On the flip side however, the insurance companies have perceived them as resulting in lower margins and risky as they are required to provide long term guarantees. Besides, they are seen as restrictive and coming in the way of product innovation.

The political climate in India, post year 2008 was not conducive to bring in the long awaited insurance reforms required to bring back the confidence of foreign investors. Few of the foreign partners in life insurance companies have started de-linking their partnership and exiting the country. However, with more than 1.27 billion (estimated) population, 50% of which falls below age 25, the potential of Insurance industry in India is bright.

The new government with its absolute majority in the lower house of Parliament is confident to pass long pending bills on insurance reforms. One of the main policy change is to raise foreign participation to 49% from the current 26%. This, going forward would result in a spate of stake sale to the foreign partners and in some instances stake sale to the public through IPOs. Some of the Indian joint ventures partners are banks who would look forward to raise capital to fund the growing capital adequacy requirements; some of the non-banking companies would take the opportunity to redeploy capital tied up with their insurance ventures.

Click on this link to read the full text of the document:

[http://actuariesindia.org.in/downloads/Research/completed/Life Insurance Business environment in India.pdf](http://actuariesindia.org.in/downloads/Research/completed/Life_Insurance_Business_environment_in_India.pdf)

Contribution from Japan:

Actuarial Update from Japan



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The Institute of Actuaries of Japan (IAJ) was established in 1899 and with its over 100-year history, it is one of the oldest actuarial associations in the world. The IAJ has been administering the qualifying examinations since 1936 and now has 4,879 individual members, including 1,435 fellows, as of April 1, 2014. Also the IAJ is the designated corporation under the Insurance Business Law. In addition, the IAJ, as a full member of the International Actuarial Association (IAA), is participating in many activities of the IAA. In this article, we would like to introduce ASHK members some of the hot issues that are now of interest to Japanese actuaries.

FSA's announcement of conducting field tests

On June 30, 2014, the Financial Services Agency (FSA) of Japan announced that it will conduct field tests covering all insurance companies with the aim of introducing economic value-based solvency regime.

In a questionnaire, all insurance companies are requested to (i) calculate the value of insurance liabilities based on economic value and (ii) measure risks such as interest rate risks, considering assets and liabilities comprehensively, and (iii) submit a report on any findings practically encountered.

Calculation methods and assumptions, such as interest rates and risk coefficients provided by the FSA, are used. The calculation methods are generally consistent with those being examined by organizations such as the IAIS and other jurisdictions, including the EU. As to the confidence level for the calculation of risks, 99.5% is applied under this test, considering the economic value-based solvency regime in the EU, etc.

In the FSA's supervisory policies for 2013, the FSA has clearly stated that it will continue to consider introducing a regulatory regime in cooperation with the IAJ and other related organizations. The IAJ intends to continue to implement its efforts to play the core role in reviewing Japanese standards and practice in this matter.

MHLW's estimate of the nation's public pension finances

On June 3, 2014, Ministry of Health, Labour and Welfare (MHLW) released the long-term estimate of the nation's public pension finances.

Based on the MHLW's standard scenario for labor force participation and economic growth, the replacement rate, which is the percentage of monthly pension benefits for a model household to the average income of the working generation, will gradually decrease from 62.7% in fiscal 2014 over the next 30-year period. However it will stay above 50% in fiscal 2043. On the other hand, in the case that assumes lower labor force participation rate and economic growth, the pension benefits to recipients will ultimately decrease to 35%-37% of the average income of the working generation.



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This time, the MHLW estimated pension finances based on some additional scenarios, for example extending the upper limit of participation period from 60 years old to 65 years old. In order to keep financial soundness in public pension system, as a nation, we need to consider this problem. Especially, actuaries are expected to make good use of our expertise in this issue to better serve the public interest.

IAJ initiatives

1. New Branding Effort by IAJ

On April 1, 2013, the IAJ made the transition to a public-interest incorporated association. Coinciding with this transition, the IAJ, in an effort to make our purpose and activities more widely known by the general public, created a slogan, "Think the Future, Manage the Risk."

This slogan represents our aspiration that actuaries will manage risks as they become more diversified in the future, without losing sight of the way actuaries should think and behave. Going forward, we will carry out our activities, always keeping this slogan in mind as our keyword.

2. IAJ Joins "Challenge Campaign"

This is an awareness-raising campaign launched by the government, specifically the Gender Equality Bureau Cabinet Office. This campaign is aimed to help female high-school and university students who are interested in science, technology, engineering and mathematics (STEM) to better choose their career path (referred to as the "challenge"), by helping them to have a clear image of their own future. In order to achieve this aim, the campaign's website displays various activities and events organized by campaign supporters, such as universities and companies which are renowned in the field of STEM. It also introduces messages from women who have already been playing an active role in the practice of the STEM field. The IAJ is very much supportive of this initiative and has joined campaign supporters to encourage many female students to enter the actuarial field.

3. Enrichment of IAJ's English Website

To promote a better understanding of Japanese actuaries and the IAJ's activities by general public and foreign actuarial associations, the IAJ has decided to enrich the contents of the IAJ's English Website. This work is expected to be completed by the time of publication of this article. We hope a lot of ASHK members will visit the IAJ's English Website. Please see <http://www.actuaries.jp/english>.



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Upcoming Event

Actuarial Seminar of East Asia 2015 (ASEA 2015)

Period: September, 2015 (1 week)

Venue: IAJ office in Tokyo

Language: English

We will send the invitation letter to ASHK in June 2015. Wait for the Details !

Contribution from Korea:

Preparation of Roadmap to Advance and Enhance Framework for Financial Soundness of Insurance Companies in Korea



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(This article is based on materials co-released by Korean regulatory bodies, Financial Services Commission and Financial Supervisory Service, on July 31st, 2014, titled "Preparation of roadmap to advance and enhance framework for financial soundness of insurance companies." And it was reviewed by Sang-rae Park, President of Institute of Actuaries of Korea.)

Korean regulatory bodies in financial area, Financial Services Commission (FSC) and Financial Supervisory Service (FSS), have made consistent efforts on purpose of strengthening financial soundness of insurance companies and advancing regulatory supervision. Such efforts include, but not limited to, adoption of solvency framework that resembles that of EU in year 1999 and adoption of Risk Based Capital (RBC) framework in year 2009.

On the other hand, the financial crisis of global economy during year 2007-2009 has highlighted weakness in the financial regulatory system. In response, policymakers and regulators throughout the world have worked to improve the oversight of financial institutions. Many of their proposals apply to banks, but are being extended to other financial intermediaries, including insurance companies, in the interest of perceived consistency. Examples are, but not limited to, implementation of Basel III in bank industry, which took effect as of December 2013 in Korea, Solvency II of EU (by year 2016), and U.S solvency framework reform (by year 2015). In addition, IASB has developed and proposed accounting principle of estimating insurance liabilities at fair value, which is expected to be adopted by year 2018.

Accordingly, by Korean FSC and FSS releasing official document titled "Preparation of roadmap to advance and enhance framework for financial soundness of insurance companies," it is expected that Korean insurance industry promotes international credibility and helps stakeholders of insurance companies predict futures of financial soundness of insurers.

Highlights of the roadmap

Major contents of above road map are as follow:

Direction: By referring to other nations' developed framework and accepting suggestions from international organization, improve Korean statutory supervision on financial soundness as well as framework for liability valuation.

Schedule: Gradually develop and adopt considering materiality, domestic insurance environment, and international trend by year 2018.

Followings are detailed items that are individually on their way to be adopted or fully implemented by year 2018;

- * Enhance control on risk management: Increase level of credibility from 95% to 99% that is applied in measuring interest rate risk and credit risk.
- * Refine method of measuring individual risk amount: Diversify method of measuring operational risk per sales channel, etc. from current 1% of annual premium income as a uniform statutory measurement.
- * Promote realization of correlation between individual risks by referring to foreign practices

- * Review feasibility of including longevity risk in RBC framework in consideration of Korea's rapidly aging population.
- * In addition to current formulaic statutory RBC framework, consider allowing insurance companies to use internal model that is based on company experience and internally decided methodology and risk factors.
- * On purpose of complementing previous quantitative regulation, consider adoption of Own Risk and Solvency Assessment (ORSA).
- * Enhance current framework of liability valuation: Prepare for adoption of international accounting standards, improve current Liability Adequacy Test (LAT) framework, and clarify standards in calculating IBNR.

Prospective effect and next step forward

By gradually implementing the suggested plans on the roadmap, it is expected that Korean insurance industry achieves convergence with international insurance supervision as well as promotes international credibility. In addition, expected is enhanced financial soundness as well as procurement of sufficient capital followed by increased ability of the insurer to pay its claims to policyholders.

Contribution from Singapore:

Risk Based Capital Framework for Insurers in Singapore

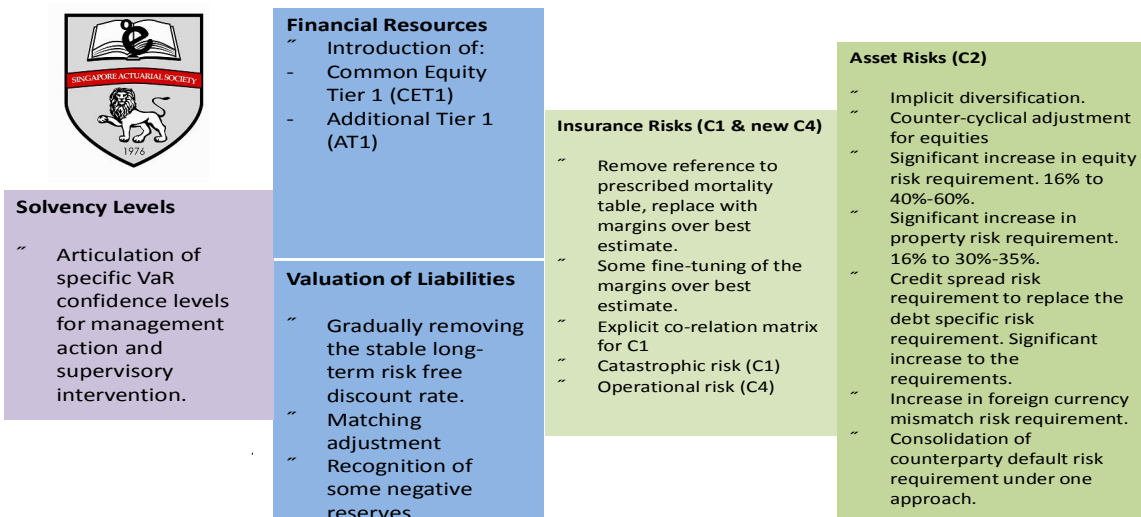


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Risk Based Capital 2 (RBC2) is still very much a hot topic in Singapore with life insurers completing the first Quantitative Impact Study (QIS1) at the end of June 2014. The Singapore Actuarial Society had submitted its response to the Monetary Authority of Singapore's (MAS) second consultation that had accompanied the QIS1 specifications.

The QIS1 specifications had taken into account some of the feedback from the industry. In particular, there is now an explicit diversification matrix for insurance risks, an implicit diversification allowance for asset risks and the MAS is reviewing its proposal on the valuation discount rate for foreign currency denominated policies.

The key proposals for RBC2 as set out in the consultation paper is summarized in the diagram below.



The solvency levels are clearly articulated in RBC2 as:

- * Prescribed Capital Requirement (%PCR+), which corresponds to a VaR of 99.5% confidence level over a one-year period; and
- * Minimum Capital Requirement (%MCR+), which corresponds to a VaR of 90% confidence level over a one-year period.

The PCR level is where, if breached, the MAS will require the insurer to submit a plan to restore its capital position within three months.

The MCR level, if breached, will cause the MAS to take the strongest enforcement action such as stopping new business or withdrawing the company's license.

The current risk requirement calibration for QIS1 is based on the VaR measure of 99.5% confidence level over a one year period.

It is clear that the current calibration for the asset risks will have a significant impact on savings and universal life product types. The risk charges for equities, properties, corporate bonds have increased all significantly. For example, the equity risk charge increased from 16% to between 40% and 60%, depending on whether the equity was issued in a developed market or not.

The consultation paper with the QIS1 calibrations may be accessed through this link:

<http://www.mas.gov.sg/news-and-publications/consultation-paper/2014/rbc-2-review-second-consultation.aspx>

Next steps

Following the submission of QIS1, the MAS has been studying the results and over the next few months is expected to issue the equivalent specifications for non-life insurers. This will subsequently be followed by a second QIS exercise to fine tune the framework for the industry.

In the meantime, key concerns that have been raised by the industry as part of the QIS1 exercise include the large increase in asset risk charges, which would significantly lower the regulatory solvency ratios for many insurers. With higher capital requirements, questions also remain over how new business propositions could be affected, as policyholders ultimately would have to share in the cost of this increased protection that the MAS wants to provide them with.

Contribution from UK:

An Update on the Institute and Faculty of Actuaries



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The Institute and Faculty of Actuaries (%FoA+) is one of the principal actuarial associations in the world today by size of membership and global influence.

We are focused on delivering our vision, which is %We will serve the public interest by ensuring that where there is uncertainty of future financial outcomes, actuaries are trusted and sought after for their valued analysis and authority.+With over 150 years of heritage as a UK royal chartered body, and recognizing the wide geographical diversity of our members, we bring this heritage and focus on quality with us as our membership continues to expand globally.

“ In order to further the development of actuarial science and professionalism on a global scale, the IFoA launched the Certified Actuarial Analyst (CAA) qualification and membership grade this year ”

The statistics on the changing profile of our membership tell us that 43 per cent of our members live and work outside the UK, with seven per cent of those located in China and South-east Asia. The numbers are even higher for students. Currently 55 per cent of student members are based outside the UK, with 10 per cent of those in China and South-east Asia. (Figs 1 and 2).

Fig 1

Members

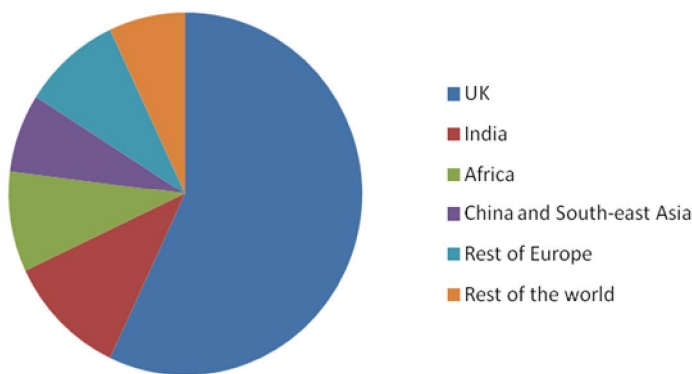
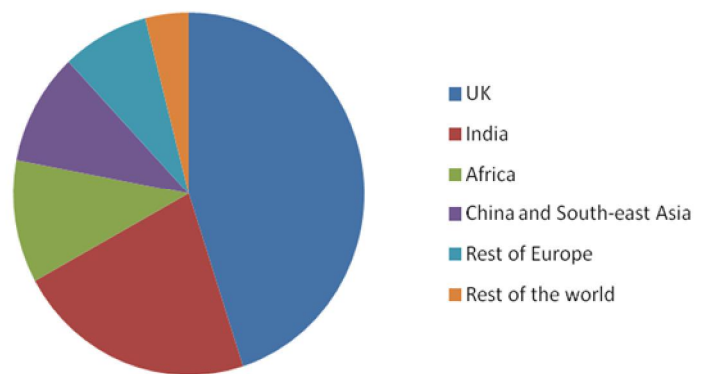


Fig 2

Students



We developed our activities in China and South-east Asia by building better relationships with regional universities and employers of actuaries through permanent resourcing in the region. We are pleased to say that in addition to our Hong Kong office, Wen Li is in post as the representative for the IFoA in China and Hong Kong and newly appointed Caryn Chua is representative for South-east Asia and will be based out of Singapore.

With only 60,000 qualified actuaries worldwide, it is vital that the IFoA plays an active part in the global actuarial community. By working with our sister organizations to publicize the relevance of actuarial science, we can fulfill the aims in our royal charter and secure a healthy future for the profession.

Because our organisation is global in scope, we ensure we take into consideration international needs and ensure they feature as an important element in the development of education, regulation, and thought leadership activity. This is done through proactive collaborative engagement with other actuarial bodies and regulators. The IFoA is moving towards creating more equivalence and accessibility to support its members across the globe by fostering strong local communities around the world and by increasing the global accessibility of its support and learning content.

In order to further the development of actuarial science and professionalism on a global scale, the IFoA launched the Certified Actuarial Analyst (CAA+) qualification and membership grade this year. It is the first globally recognized membership qualification at the technical level aimed at those who are not seeking a career as a fully qualified actuary or are working in the broader financial services sector. It is designed for professionals working alongside actuaries and those working in wider financial services who wish to increase their skills base, and has been developed in response to employer and employee demand and following consultation with users of actuarial services around the world.

There is another key advantage in equipping those who work within an actuarial or analytical environment, and rely on a technical and analytical skill set, with a professional qualification. As members of the IFoA, they will be within our regulatory framework, including the Actuaries Code, continuing professional development, professionalism requirements and our Disciplinary Scheme. This goes to the heart of the IFoA's royal charter, where we operate in the public interest by helping to assure the quality of work undertaken by our members and by publicizing the benefits of actuarial science around the globe.

The first exams were sat in August by students from 25 countries, and we are looking forward to the qualification becoming widely embedded in the coming years. We have received some very positive feedback on the qualification from sister actuarial associations and some are looking at how we might work with them to see how it might be developed in their markets.

As you well know, the skills set that actuaries bring to employers make them highly employable and sought after. It was interesting to see an article that was recently published in The Actuary magazine in the UK by Jonny Plews, a recruitment consultant from Oliver James Associates Hong Kong office. The article highlighted the salary differentials for actuaries working in Asia who are members of international actuarial associations. The results are based on an Oliver James salary survey of 883 qualified actuaries based in Asia and make for some interesting reading.

The results showed that on average UK actuaries in Asia received a salary around 10% higher than other associations. With the average actuary qualifying today in the Asian market likely to earn over \$10 million over the course of their career, it appears IFoA Fellows can attract a premium in excess of \$1 million over their career. (Fig 3)

Fig 3

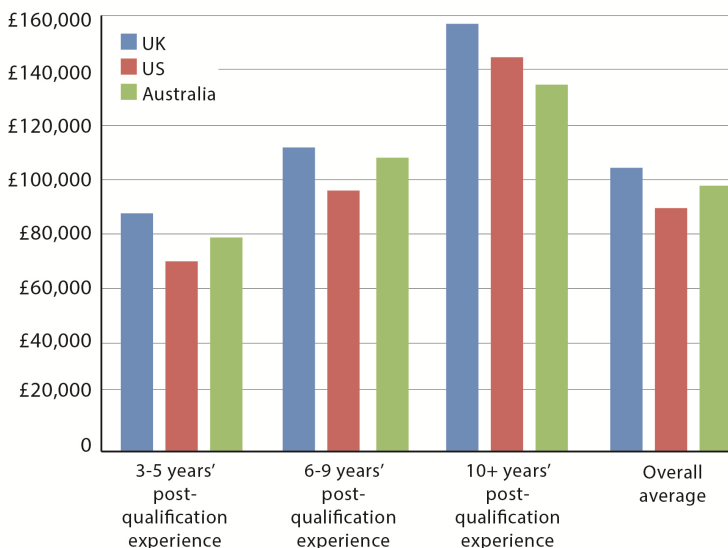
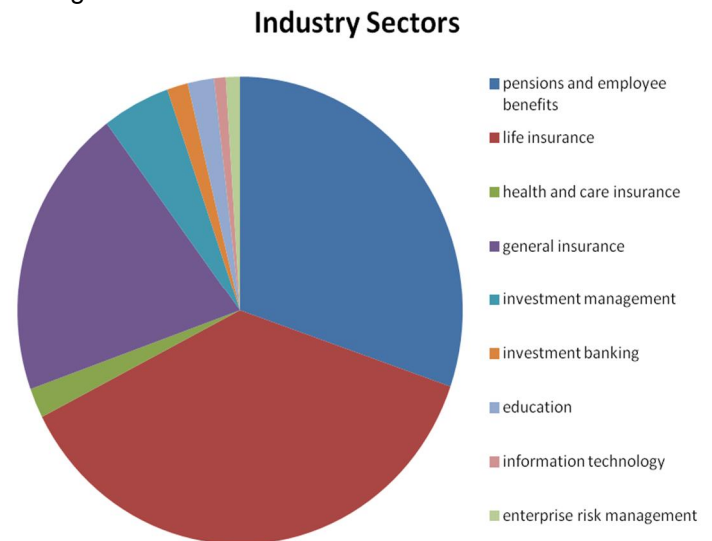


Fig 4



One of the reasons we believe IFoA Fellows attract this premium is the IFoA education and examination process. We equip our members with the skills required to progress to more senior roles during their careers. Rather than a purely academic or technical qualification, the IFoA qualification focusses on important business skills such as communication, as well as technical knowledge, and, more importantly, the application of that knowledge. The research suggested that it is actuaries with the communication and application skills that are in peak demand.

With this diversified skill set, IFoA members not only continue working in traditional sectors such as pensions, general and life insurance, and health and care; they are increasingly working in more diverse fields such as investment management, risk management and banking. (Fig 4)

In Asia, as in many countries around the globe, there is an increase in demand for skilled actuaries as multinationals grow and expand their businesses into new territory. There is also increasing demand from local firms for actuarial expertise as businesses become more professionalised. The IFoA will continue to develop its qualifications and work with sister organisations around the world on developing actuarial science in order to meet this demand.

On a final note, we are looking forward to supporting the 18th East Asian Actuarial Conference (EAAC) in October, which this year is taking place in Taipei. The conference provides speakers and delegates with an excellent opportunity to exchange ideas and showcase the latest research. Members of the IFoA's Executive staff will be attending and hosting a drinks reception and we very much look forward to seeing people there.

Contribution from USA:

A Strong Global Presence from the Society of Actuaries



Mark J. Freedman FSA, MAAA
President
Society of Actuaries
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As president of the Society of Actuaries (SOA) my three top priorities over the past year were to explore and develop new opportunities for the SOA and the actuarial profession; to cultivate research supporting public policy; and to foster international development. In my final letter to you as SOA president, I will outline our work in international development and look ahead to potential future opportunities.

We are global

International development is one such priority that I want us all to reflect upon, as it has been an important journey. About 14 percent of our members and one-third of our candidates are outside of North America and most of the non-North American members and candidates are from Asia.

This increase of our presence in the Asian markets has helped strengthen our global efforts as an organization and on behalf of the profession as well. It is important to understand factors impacting economic issues around the world to do our jobs better. The fact is that current economies, investments and knowledge are global; companies merge and acquire assets transcending boundaries; and many of the companies where we work are increasingly becoming even more global in nature.

In particular, China is an interesting story for the SOA. Since the SOA launched a project in Nankai University in 1988 to address the shortage of qualified actuaries in mainland China, the number of actuaries and SOA members in the Asia Pacific region has increased significantly. In addition, China has the third largest concentration of SOA members and candidates in the world, right after the United States and Canada.

Growing middle class, growing insurance needs

The SOA recognizes the economic growth impacting the insurance industry and the resulting increase of demand for actuarial services. In an interview published by *Sima.com* in early August, I noted that as a result of the steady growth of the middle class in the region, we will see a steady growth in Asia's general insurance market over the next decade and an increased demand for general insurance actuaries. In the mid-1980s there were only a limited number of private cars in China. Today there are about 120 million cars. Ernst & Young, in a publication titled *2014 Asia-Pacific Insurance Outlook*, predicts that by 2020, that number will grow to 200 million.

I also noted that there will be increased demand for health care insurance, as well as investment products and life insurance.

Significant growth is taking place in health care insurance with three core factors powering development: an aging society, reductions in areas of public resources and the rise in Chinese citizens' spending power.

In June this year, the SOA released a research project on the *Changing Middle Market for Life Insurance in China*. The survey included 2,000 family households across 16 metro centers in China. Results indicated that 70 percent of those interviewed agreed that having life insurance to protect the family in case of death was more important now than it was in the past.

Reaching out

The SOA is very interested in partnering with other actuarial organizations in productive, constructive and mutually helpful ways to address different issues. An example of this is our work in strengthening our involvement with the International Actuarial Association (IAA), because a strong and vital IAA is critically important to the actuarial professional. The relationships the IAA is building with supranational organizations like the International Association of Insurance Supervisors and the assistance they provide to small national actuarial associations are important to growing the profession globally.


To extend our global reach even further, I have traveled to many different areas of Asia to visit students, members and employers. These travels have helped us refine the services we provide to our members and candidates in Asia. Noteworthy examples include:

- * We met with the leadership of the Actuarial Institute of Chinese Taipei to discuss the success of the e-Learning module on Taiwan insurance regulation and the SOA's involvement in the upcoming East Asian Actuarial Conference to be hosted in Taiwan.
- * In July, the SOA co-sponsored the Joint Regional Seminar that took place over a two-week period in Hong Kong, Beijing, Taipei, Bangkok and Singapore. This seminar, with more than 750 attendees, and titled "The Future of Insurance," covered some of the main issues affecting the insurance industry in the Asia-Pacific region.

At four of the five events during the Joint Regional Seminar, I was the keynote speaker and took the opportunity to highlight the importance of deploying products to meet the changing needs of consumers, staying ahead of regulatory developments and implementing data analytics for a competitive advantage.

- * I met with the China Association of Actuaries leadership to discuss avenues for the SOA to collaborate with them to strengthen the profession in the area.
- * We offered a general insurance seminar in Singapore, which we designed to explore leading practices and recent trends related to general insurance topics in the Asia-Pacific region.

Moving forward, we will continue to have a strong global presence. Most recently, we participated in both the IAA meeting in London and the annual meeting of the China Association of Actuaries in September. Looking ahead, we formed a task force to assess the possibilities of expansion into Latin America. I am confident the SOA is on the right path for continued growth in key markets throughout the world.

My year as president is drawing to a close. The global initiatives, and all of the other initiatives, are being carried out by dedicated members, candidates, volunteers and staff. Thanks to everyone for your support during this incredible journey. This has truly been a memorable experience. 



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Interview with Commissioner of Insurance, Ms. Annie Choi, JP

In this interview, Ms. Annie Choi, JP, Commissioner of Insurance, talks about the latest development of the Independent Insurance Authority initiative.



Annie Choi JP
Commissioner of Insurance

Could you kindly share with us the objective for the Independent Insurance Authority (“IIA”) and how it could benefit the insurance industry in the coming future? Will there be any changes from the regulatory perspective after IIA?

The objectives of establishing the IIA are to modernize the regulatory infrastructure of the insurance industry; provide better protection for policyholders; facilitate the sustainable development of the industry; and comply with the requirement of the International Association of Insurance Supervisors that insurance regulators should be financially and operationally independent of the government.

The establishment of the IIA will benefit the insurance industry by bringing our regulatory regime in line with international trends which help consolidate Hong Kong’s status as an international financial centre; enhancing consumer protection and education to strengthen public confidence in the insurance industry; and promoting professionalism of insurance intermediaries and sustainable development of the industry.

From the regulatory perspective, the major change will be IIA’s direct regulation of insurance intermediaries through a statutory licensing regime in place of the existing self-regulatory regime. Besides, the IIA will be vested with appropriate powers of inspection, investigation and imposing disciplinary sanctions for misconduct including reprimand, fines, suspension or revocation of licence of insurance intermediaries or authorization of insurers, as well as prohibition of licence application of insurance intermediaries or authorization application of insurers for a specified period.+

Could you kindly share with us the current progress for IIA?

Following the introduction of the Insurance Companies (Amendment) Bill into the Legislative Council on 30 April 2014, a Bills Committee had been formed and the 1st meeting was held on 27 May 2014. The Bills Committee started to discuss policy issues and after that clause-by-clause examination. It had also met with over 30 deputations on 24 June 2014 to receive their views on the Bill. We will continue to support the Committee in its scrutiny of the Bill and maintain our communication with the industry to clarify any possible misunderstanding or doubts on the legislative provisions. We will also continue to work closely with the working group established with the Hong Kong Federation of Insurers (HKFI), the three existing self-regulatory organizations (SROs) and insurance intermediaries to prepare for a smooth transition from the existing self-regulatory regime to the statutory licensing regime for insurance intermediaries.

Is there any time table for this initiative? And what will be the upcoming milestones?

We hope that the Bill can be enacted by mid-2015 for an early establishment of the IIA.

We understand that insurance industry would like to have better understanding regarding the extend and procedure of public disclosure of disciplinary decisions, especially when the case is being appealed. Could you kindly share more about this?

The Bill provides that if the IIA has exercised its powers to take disciplinary action on an insurer or insurance intermediary, it may disclose to the public details of its disciplinary decision, the reasons for which the decision was made and any material facts relating to the case. The IIA would consider each case on its own merits and determine whether and how a disciplinary decision should be publicized.

How do you think the role of the Appointed Actuary may change after IIA?

The Appointed Actuary will continue to take on the very important role in looking after the financial soundness of insurance business. For the protection of policyholders' interests, appointed actuaries need to uphold their high standards, technical and ethical, in performing their duties.

With the development of the risk based capital regime in Hong Kong in the coming years, the role of actuaries is going to become more important in the insurance regulatory landscape of Hong Kong.

What will be the greatest challenge for this initiative? And how could you resolve this?

The establishment of IIA is the most important regulatory reform in the insurance sector since the enactment of the Insurance Companies Ordinance some 30 years ago and presents a major challenge to the Administration. In particular, the proposal to replace the existing self-regulatory regime by IIA's direct regulation through a statutory licensing system is a fundamental change to the regulatory structure.

We believe that continuous communication with the industry stakeholders is vital to facilitate understanding and resolve possible differences. Since launching the first consultation in 2010, we have been actively engaging the industry stakeholders to listen to their views and concerns. We are grateful to their feedback which has helped us refine our proposals. To ensure a smooth transition from the existing self-regulatory regime to the new statutory licensing regime, we are also grateful to the HKFI, the three SROs and other industry stakeholders for their participation in the working group established with the Administration to hammer out the detailed transitional arrangements. I am confident that with the continued concerted efforts of all parties, we will be able to see an early establishment of the IIA.

How do you think the ASHK can enhance the collaboration with OCI in the coming future?

ASHK, being an important stakeholder in the insurance regulatory regime in Hong Kong, has all along been working closely with OCI in professional standards setting and other initiatives which help to enhance the public's confidence in the insurance industry. In view of the ever challenging developments of Hong Kong insurance markets and its regulatory regime, such as the IIA, PPF, risk based capital regime, I believe the good working relationship and close collaboration will continue to be an important asset for the protection of the Hong Kong insuring public as well as for the sound supervision of the Hong Kong insurance industry. Regular meetings and discussion between the OCI and ASHK provide us a good platform to exchange views on insurance topics. ☺



Interview with Senior Actuary, Mr. Patrick Poon

The ASHK has recently invited Mr. Patrick Poon (second from the left on the photo) to share his experience with our members. Patrick graduated from the University of Hong Kong ("HKU") in 1970. He was the first Hong-Kong-born citizen to obtain a Fellow qualification from the Institute and Faculty of Actuaries.

In his forty years in the insurance industry, Mr. Poon has taken up numerous leadership positions in several international companies across different regions including Hong Kong, Malaysia, Taiwan and China.

Mr. Poon is a former president of the ASHK and a member of the Honorary Advisory Board of the HKU Actuarial Science Programme.

Actuarial Study – A Good Training on How to Think

Patrick's actuarial training has helped him a lot in his management decisions. One of the valuable examples is his decision to support orphans of the Taiwan 9-21 Earthquake. Soon after the disaster, Patrick (who was then the CEO of Aetna Taiwan) announced that his company would support all orphans who lost their parents in the earthquake with a monthly annuity until their university studies.

Patrick was trained as an actuary. An actuarial mind set, which is fundamentally mathematics, helps a lot in decision making. The number of orphans was not too large, which could be estimated from the demographic structure and the published disaster mortality rates. We promised monthly annuity instead of a lump-sum amount, and the initiative indeed had an excellent marketing impact with limited cost based on the actuarial calculation.

It was later found that some of the competitors donated more towards the disaster, but they never gained as much publicity as Aetna Taiwan. It was a great example on how to make good use of actuarial skills in business by maximizing marketing influence with minimal cost.

Never Stop Learning - A Critical Formula for Success

Learning is always the key for Patrick to come up with tons of ideas. He always wants to be the number one and he keeps learning from others. Throughout his career, he has read lots of books on management and taken many courses on sales and leadership. When he was assigned to AIA Malaysia, the only request he made was an underwriting training instead of a boost to his remuneration package.

This underwriting training was a challenge to him. When he first met the trainer, he was told that he was not qualified to be trained as he did not have any health and medical knowledge. Instead of offering the training, the trainer gave him two books on underwriting and medicine for his foundation knowledge. To learn as much as possible, Patrick finished reading the two books within the first week. The trainer was extremely impressed by Patrick's determination in learning underwriting. In the end Patrick finished the entire underwriting training two weeks prior to the end date, and the trainer had no other choice but to send Patrick to another company for further training. Through this training, Patrick gained a lot of underwriting knowledge, which became one of the foundations for his future career.

Invest In Your People - His Management Philosophy

Patrick invests in all members of his staff and gives them his trust. A controversial philosophy he has is the tolerance of people's mistakes. It's not a problem to make a mistake, but it's vital to acknowledge it and think about how to rectify it, he explained. Once employees are given a second chance, they know they are trusted and would be motivated to think of a solution. This mechanism twists a loss into an investment. Even though you may be making some loss this year, you know you can gain back more in the future. This encourages innovation and cultivates a friendly atmosphere within the organization.

The success of this philosophy was proven by a survey among university graduates in Taiwan during Patrick's time at ING, which showed the insurance industry as the most popular career choice for these graduates. Among all the insurance companies, ING was the No.1 choice.

Every Client is a VIP - His Customer Service Philosophy

Patrick insists that every client in his company should be treated as a VIP. A bank may differentiate its service to the clients by the account balance information it has, but an insurance company would not know whether a client is wealthy or not. The best way to get more wealthy clients is to serve every client well. When the company has built up its reputation, those high-value clients will naturally approach and stay with the company.

An insurance company should cherish every chance to talk to a client. Even when a client comes to your service desk and criticises you, you should still admire their action. Because when a client talks to you, it means they still believe in your company. Otherwise, they would just go away.

At Aetna, Patrick required every member of senior management to answer the service hotline on a regular basis. Those rotations provided the very best opportunity to listen to clients' needs. They inspired us to improve our service quality. It was an excellent training for our staff as well.

Giving Back – Contribution towards the Actuarial Education

Patrick always appreciates his actuarial roots and keenly supports the actuarial education. He has generously established several scholarships to support students majoring in actuarial science, statistics or risk management. Moreover, he has established a professorship at HKU to support research in statistics and actuarial science.

Research is vital. Its importance is sometimes ignored as the application may not be available immediately. However, history has proven the power of research. Look at those magical formulas that were proposed several decades ago but never have been used until recently.

Through the interview with Patrick, we have understood the power of actuarial training and the importance of continuous learning. We have learned about his philosophy on people management and customer service, and how he gives back to the actuarial world. May we thank Patrick for his sincere sharing of his stories of success. We hope that you could gain some insight and inspirations from him. ☺

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Economic Capital in APAC

– A Brief Overview of Current Practice



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Investment in economic capital modelling at APAC insurance groups has accelerated significantly over the last couple of years. This has been partly driven by a number of national solvency regulation initiatives and a general desire to adopt enterprise risk management best practices beyond just mandatory requirements. In this paper, we will explore building blocks of a good economic capital model, and highlight some challenges in implementation.

“ The trend is clear . economic capital has emerged as a preferred way for risk assessment and management ”

The Rise of Economic Capital in Asia Pacific

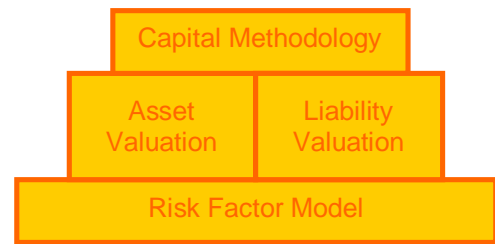
Solvency II is increasingly seen as a benchmark for ERM for insurers in the Asia Pacific region. Many elements of the Directive, from technical provision, capital methodology to reporting and disclosure are being referred to when insurers plan for and develop their ERM measures. Having said that, APAC as a region is at a different development stage. China, for instance, while being the second largest economy in the world, is still largely an emerging market. It comes as no surprise, therefore, when the China Insurance Regulatory Commission (CIRC) published their plan last year for the new solvency regulatory regime, China Risk Oriented Solvency System (C-ROSS), one emphasis is to ensure it is consistent with the development path and resources available. Developed economies, like Australia, Japan and Singapore, have already implemented or are also on track to put in place measures to enhance enterprise risk management. The Monetary Authority of Singapore (MAS), for instance, is currently reviewing the risk-based capital framework (RBC) to align it with evolving market practices and global regulatory developments+. The trend is clear . economic capital has emerged as a preferred way for risk assessment and management.

Country or Territory	Solvency requirement	Economic capital
Australia	Risk based capital (%AGIC+)	Voluntary, as part of ICAAP, from 2013
China	Solvency margin; risk based C-ROSS expected in 2015 at the earliest	Mandatory from 2015; pilot testing in 2014
Hong Kong	Solvency margin; study for an risk based regime underway	No mandatory requirement
Japan	Risk based capital	Economic value-based regime being considered by Japan FSA
Singapore	Risk based capital; %RBC2+review underway	Mandatory, as part of ORSA, from 2014

Building Block of Economic Capital

There are four major building blocks of economic capital, namely:

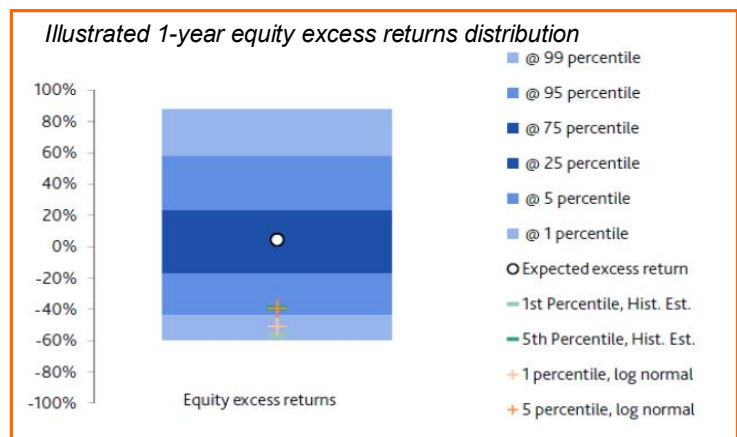
- * Risk factor model
- * Asset valuation methodology and model
- * Liability valuation methodology and model
- * Capital methodology



Risk factor model

Probability distribution over a given horizon (e.g. 99.5th percentile over 1 year) is the common and core concept in economic capital. So how do we define distribution of risk factors and calibrate them to suit our asset liability portfolio? Few can predict the future consistently accurately. Instead quantitative models help us understand how the market *could* behave and *could* evolve over time. There are a few elements in a comprehensive risk factor model:

- * Stylized facts . It is common to have some beliefs about how the financial markets behave. For instance, it is a common belief that yield curve exhibits mean reversion . that is when interest rates are much lower than long term average, it is expected to gradually increase over time, on average across the scenarios.
- * Models and correlation structure . Models are representation of reality but not reality. Training workshop and model documentation are key elements to help users (including actuaries and risk managers) appreciate modelling implications on their ultimate economic capital numbers. It can be, at times, a steep learning curve and requires dedicated efforts.
- * Target setting and calibration approach . A big part of a modeller's work is to calibrate the model so that it is suitable for applications at hand. In the context of economic capital, barring market consistent liability valuation, the key is how risk exposure over the next say 12-month is being modelled and reflected.



Asset and liability valuation

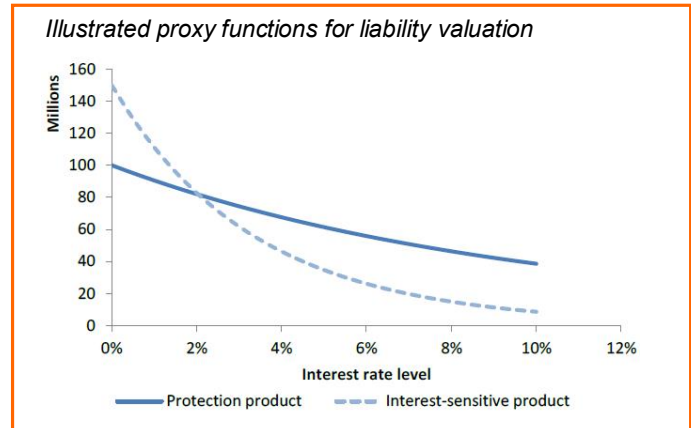
In principle, asset and liability valuation are typically based on fair valuation . that is, any option and guarantee costs are incorporated. While certain assets with optionality are not straightforward to quantify, liability valuation tends to be more technical and challenging.

For many regimes in APAC, for either accounting or statutory reporting purposes, firms are still largely relying on deterministic reserving approach. When firms start to move to fair liability valuation, it is important to ask the question: how is this going to impact our financials? Two (sometimes offsetting) effects come into play. First, fair valuation is based on best estimate risk free rates, and hence the margin embedded in assumptions is typically released through a change in valuation. The direction of the impact would of course depend on the difference between the two discount curves, and the level of conservatism in existing valuation approach. The second effect is an explicit estimate of the cost of guarantee. This can again vary greatly from firms to firms, but are often a sizeable portion of the best estimate liability for many savings products with guarantees which are commonly found in Asia.

Capital methodology

Capital calculation methodology defines how we derive the say 99.5th percentile value-at-risk. Simultaneously modelling all risk factors that an insurer is exposed to (e.g. interest rate risk, credit spread risk, morbidity risk, lapse risk, etc.), as well as assessing the impact of such risks on the balance sheet, is a very challenging, and often impractical task. Typical approximation approaches adopted in the industry so far are based on two broad categories:

- * Standard formula (or stress-and-correlate) approach . percentile stress for each risk category is defined, and the impact on net asset value for each of these stresses is separately quantified. Company level economic capital is then aggregated based on a correlation matrix which intends to measure diversification.
- * Monte Carlo (e.g. LSMC, curve fitting, replicating portfolio) approach . the standard formula approach makes simplifying assumptions about risk factor distribution (e.g. risk factors are correlated using correlation matrix); the Monte Carlo approach, on the other hand, makes simplifying assumptions on the net asset valuation itself. This is usually the more preferred approach in terms of accuracy and validation. Valuation of liability can be quickly estimated based on a set of conditions (e.g. a given shock to the yield curve), and insurers now have more control over the desired risk factor distribution.



Challenges

#1 . Implementation effort

Planning for implementation is not only limited to timeline, resources and getting the budget, but also on technical roadmap. It would be unfortunate if a firm spend significant money implementing a solution that is going to be made obsolete with a change in methodology in economic capital quantification. ESG is a classic example . not long ago automation of ESG (re)calibration did not draw much attention, but now it is almost a pre-requisite for insurers who want to implement internal models like curve fitting or LSMC. Those who have not planned ahead might find themselves in a trick position of deciding whether to switch ESG provider, or to build some solutions around an ESG that is not designed to be automated.

Another key point is effective knowledge transfer. It ensures economic capital calculation can be continued as a business-as-usual activity. Consultants can often bring in a wealth of knowledge at project implementation phase and share best practices. To help facilitate further knowledge transfer after implementation, written documentation, either specifically written by the project team or accessed through third party vendors, has also proven to be an important element.

“ It would be unfortunate if a firm spend significant money implementing a solution that is going to be made obsolete with a change in methodology in economic capital quantification ”

#2 . Volatility of balance sheet measures

How would a 50bps increase in the yield curve impact our balance sheets? Relative to statutory capital measures in many Asian regimes, economic capital is often more sensitive to market condition changes. If we assume longer liability duration (relative to asset), we would expect an overall increase in net asset value, together with a reduction in cost of options and guarantees. However, an increased interest rate level could mean more room for central banks to cut interest rate and for the overall yield curve to drop, leading to higher rates volatility and in turn a higher capital charge. It is therefore not straightforward to assess the financial impacts on a total balance sheet basis.

Risk managers and actuaries will need to invest time and resources to understand the implication of market movements on their firms financial positions, and then educate the business, senior executives and the Board to ensure they understand the underlying drivers of the volatility. Few people like to see surprises, and demonstrating the value of these volatile capital-risk measures can be, at times, a challenging task.

“ Without proper proxy methods it would be almost impossible for economic capital to gain visibility and creditability as a business-decision tool given the lengthy runtime ”

#3 . Timeliness of calculation

Given the volatility of economic capital measures, it is natural to recalculate and report the latest financial positions on a frequent basis, say every month. Unfortunately, due to the complex calculation and validation process, it is not uncommon for insurers to take 4-6 weeks for the whole economic capital production process to complete. This challenge gets more apparent when we try to incorporate economic capital in the business . without proper proxy methods it would be almost impossible for economic capital to gain visibility and credibility as a business-decision tool given the lengthy runtime.

We have seen numerous insurers using proxy approaches such as LSMC to speed up the reporting and calculation lag time, with a view to better support business initiatives. Workflow process such as automation would also help reduce runtime and increase reliability of the process.

Concluding Thoughts

Economic capital is considered as the core and most important quantitative element in many insurers' ERM programs. It is also the corner-stone for many risk-capital business applications, such as risk appetite, business planning and asset allocation. Given the many facets of implementation and various approaches to modeling, risk management practitioners and actuaries are in the best positions to steer these projects and advance risk management practices in-house. This multi-year journey from conceptualization to implementation to business applications can be a challenging one full of obstacle, but, from professional and industry-wide development perspectives, it can be a rather rewarding one.

Click on this link to read the full text of the document:

<http://www.moodysanalytics.com/Microsites/Global-Marketing/2014/TPN1-Economic-Capital-APAC-Insurance> 



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Our presence in Asia is already well established, though we aim to expand rapidly in the years ahead. Our strategy is to become Asia's leading actuarial recruitment firm, but we will never lose sight of what's important – to consistently deliver a high quality of service.

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AXA Regional	Head of Business Development
Deloitte Hong Kong	Associate Director (P&C)
Etiqa Malaysia	Head of Valuations (P&C)
Generali Regional	Regional Actuary
MetLife Regional	Head of Capital Management
MetLife Regional	Director of Product Strategy
Prudential Regional	Director of Free Surplus Generation
RGA Hong Kong	Regional Product Development Actuary
RSA Hong Kong	Chief Actuary (P&C)
Scor Regional	Chief Reserving Actuary (P&C)
Tokio Marine Malaysia	Chief Actuary (P&C)

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Below please find the update from the Actuarial Society of Hong Kong:

China Committee – Stuart Leckie

Billy Wong, President represented the ASHK at the Annual Meeting of the China Association of Actuaries (CAA) held in Guangzhou on 28-29 September 2014. The Meeting on the theme of Expand Professional Strength; Empower Industry Development was well attended by local actuaries and representatives from the international actuarial bodies. Billy had a chance to meet with the new CAA President, Mr Chen Dongsheng and discussed potential collaboration between the two societies.

Membership & Publications Committee – Simon Lam

The membership survey this year has been successfully held. We would like to express our gratitude to all members for the valuable opinions. We will consolidate the results and share with you in the coming newsletter. In addition, there will be a forum in November to share the results with our members. Your exchange of thoughts in the coming forum is most welcome.

Through this survey, we have learnt more about members' needs. To meet our members' needs, we are targeting to host business skill workshops for members' development of commercial skill sets. We will keep you updated regarding the latest development of the various initiatives above.

Professional Development Committee – Dr. Louis Ng

The Professional Development Committee organized a pair of workshops "*Actuaries: from Students to Professionals*" targeted at actuarial students and students interested in an actuarial career in local universities.

In the workshop, seasoned actuaries, fresh actuarial fellows, as well as representatives from an actuarial recruitment agency shared with students the latest industry news, experiences in working overseas and maintaining a work-study-life balance and tips for preparing for an actuarial interview. They also had a chance to interact with the guest speakers and committee members.

Professional Matters Committee – Peter Duran

On September 5 the Professional Matters Committee sponsored a seminar on professionalism. The seminar was attended by more than 70 ASHK members. Feedback was positive. Attendees especially liked the videos, which highlighted situations involving professionalism in an actuary's day to day work. The Committee has also completed its review of the Second Supplement to AGN 3, which has recently been exposed to the membership for comment.

Market Updates

The Management Board of the MPFA has recently approved one set of revised Guidelines on Debt Securities (Guidelines III.1).

The Guidelines have been amended to simplify the requirements regarding the use and permissibility of interim ratings for a debt security, so that a debt security is permissible if any one of the approved credit rating agencies has given it a preliminary or interim rating of BBB or higher. The Guidelines have also been amended to remove the reference to Moody's Investors Service, Inc., which is set out as an example of an approved credit rating agency that issues short-term ratings that apply both to the issuer and the short-term obligations of the issuer. Considering that some parties have misinterpreted this to mean only those ratings issued by Moody's will be acceptable for MPF purposes, the amendment should remove any scope for further misinterpretation.

Copies of the revised Guidelines can be downloaded from the Authority's website at <http://www.mpfa.org.hk>.

Membership Update

New Members

Fellow

Jin Meng	China Taiping Insurance	FSA (2009)
Michael Shi-Tao Zheng	Swiss Re	FIAA (2009)

Associate

Melody Shun-Fung Yeh	AXA China Region	ASA (2013)
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Student

Heidi Chin-Han Lam	Deloitte	SOA Student
Gary Tsz-Kin Mak	Dah Sing Bank	SOA Student
Michelle Wei Zhang	AON Hong Kong	CAS Student

Membership Advancement

Associate

Eddy Hok-Tin Yeung	Transamerica Life	ASA (2013)
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Fellow

Edwin Wing-Fai Ho	Zurich	FSA (2012)
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Reinstated Member

Vincent Chan
Simon Cheung
Ricky Cheung
Cheung Ka Leung
Scott Chow
Wyatt Chung
Jin Jun
Nigel Knowles
Teresa Leung

Karen McIntosh
Gareth Ng
Greg Solomon
Zoe Tsam
Graham Watson
Marco Wu
Kelvin Yiu
Claudia Yung

Actuaries

on the move

Upcoming Events

Date	Event
28-29 Sep	CAA Annual Meeting, Guangzhou
29 Sep	IFoA Member Event, Hong Kong
8 Oct	ASHK General insurance and Data Analytics Seminar Theme: Paving the Way for a General Insurance Future
11-12 Oct	IAA Fund Meeting, Taipei
12-15 Oct	18 th EAAC, Taipei
Oct	ASHK Member Evening Discussion . Statutory Body Project (tbc)
30 Oct	IAAust Member Event, Hong Kong
5 Nov	ASHK Annual Dinner
6 Nov	ASHK Appointed Actuary Symposium
10 Nov	SOA APC, Shanghai
21 Nov	SOA APC, Hong Kong
25 Nov	ASHK Members Forum
End Nov	ASHK Pensions Seminar (tbc)
15 Dec	ASHK AGM

Events Highlights

Joint Regional Seminar, Hong Kong, 23 Jul



Mr. Mark Freedman, SOA President



Mr. Billy Wong, ASHK President



Mr. Will Haley, Moody's Analytics



Mr. Wim Hekstra, Sun Life Hong Kong and
Ms. Ka-Man Wong, JRS Organizing Committee



Mr. Alex Korogodsky, Ernst & Young

Events Highlights

Joint Regional Seminar, Hong Kong, 23 Jul



Mr. David O'Sullivan, Swiss Re



Mr. Mark Saunders, AIA



Mr. Marc Sofer, RGA

Joint Regional Seminar, Beijing, 24-25 Jul



Mr. Di Sheng, Moody's Analytics



Dr. Dirk Nieder, Gen Re



Ms. Veronica Wang, Fosun Group



Mr. Yang Zhicheng, Sino Life Insurance



Mr. Zhao Yuping, Sunshine Life



Joint Regional Seminar, Taipei, 28-29 Jul



Mr. Paul Melody, Towers Watson



Mr. Sam Morgan, Milliman



Ms. Wang Haijing,
Institute & Faculty of Actuaries

Events Highlights

Joint Regional Seminar, Taipei, 28-29 Jul



Mr. Lee Wood, Allianz Taiwan Life



Joint Regional Seminar, Bangkok, 30 Jul



Mr. Keith Brooks



Mr. Paul Carrett, Carrett & Co



Dr. Neil Katkov, Celent

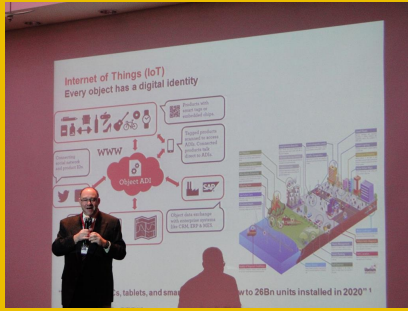


Mr. Christopher Lee, Swiss Re

Joint Regional Seminar, Singapore, 31 Jul - 1 Aug



Ms. Winnie Ching, Swiss Re



Mr. Alan Merten, Towers Watson



Mr. Warwick Young, Aviva Singapore

Events Highlights

ASHK Evening Talk, 21 Aug

"Improving Insurance Portfolios' Efficiency through the use of Exchange Traded Funds (ETFs)"



Mr. Aleksey Mironenko, BlackRock



ASHK Professionalism Course, 5 Sep



Mr. Billy Wong, ASHK President



Mr. Peter Duran,
ASHK Professional Matters
Committee Chairperson



Mr. Roddy Anderson,
ASHK Professional Matters
Committee Member



Ms. Cathy Lin,
ASHK Professional Matters
Committee Member

Solution for the Photo Hunt of the Jul 2014 Issue



Mr. Thomas Tang,
ASHK Professional Matters
Committee Member



Mr. John Williamson (*standing*),
ASHK Professional Matters
Committee Member



Prize to Give Away!

Let's compare the following 2 photos and circle on the **SIX** spots of difference. **A prize will be presented to the member who submits the first correct answer of this Photo Hunter.**

Join the game and submit your answer to ASHK Office by email: actuaries@biznetvigator.com **NOW !!!**



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The ASHK will accept corporate advertisements in the ASHK Newsletter provided that the advertisements do not detract from the actuarial profession. Acceptance and positioning of advertisement will be at the editor's discretion.

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To advertise, please contact the ASHK Office by
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We welcome members' contribution to the Hong Kong Actuaries' Newsletter, especially, the Feature Article and Knowledge Sharing sections. If you have written any inspiring articles or have read any interesting articles from other actuarial organization(s), please feel free to let us know. We will try to reprint the article(s) in our newsletter to share with our members.

For the above issues, please e-mail your articles or views to Simon Lam by email at slam@munichre.com or ASHK's office by email at actuaries@biznetvigator.com. Publication of contributions will be at editor's discretion.