



Singapore Actuarial Society

Newsletter

21 April 2008

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Editorial – To market to market...

What an exhilarating time it is we live in – stockmarkets have crashed, rents have doubled, currencies are going haywire and US house price declines have been blamed for a financial market meltdown which has led to some big banks taking some big hits. The price of rice has shot up, Singapore interest rates are low yet inflation has reared its head and asset price volatility is through the roof.

So what should we do with our assets then – is marking to market appropriate? Steve Forbes doesn't think so. In his editorial in the 7 April 2008 edition of Forbes Asia, he recommends that financial institutions be allowed to only write down *realised* losses on their 'exotic financial instruments'. He believes this measure will assist in stabilising the current panic in the financial markets. As insurers, we're currently able to value bonds that are intended to be held to maturity on an amortised basis rather than marking them to market. This is fine if they closely match a liability portfolio that is valued in a consistent manner. However if available assets are of insufficient duration to match the liabilities, then what's a good actuary to do?

I was able to attend the two SOA seminars in Hong Kong this month, one of which dealt with equity guarantees in insurance products, principally Variable Annuities. A gaggle of investment banks and reinsurers were hawking their wares, although most impressive were the practitioners who shared real experiences with the audience. Hedging these risks is clearly a challenging and complex task, and it's alarming to hear of companies in some parts of the region taking on large unhedged positions – one wonders whether suspension of marking to market would only serve to encourage such behaviour.

If you have any thoughts to share, drop me a line by clicking on my name below.

[Andrew Linfoot](#)

Notes from the President

A professional body such as the Singapore Actuarial Society is dependent on the participation of its members for its success. It was pleasing to see the interest shown in setting up the Mortality WorkGroup to investigate the Singapore Insured Lives mortality. This WorkGroup is progressing, however as always with experience studies, it is obtaining suitable data which causes delays.

There are a number of areas coming up where the SAS will be looking for participation from the members. The Society is revamping its website and once this is complete there will be a need to have a WebMaster to be responsible for ensuring the website is kept up to date with information as well as having the functionalities needed to ensure it fulfills its purpose of being the 'shop front' of the Society as well as the primary communication tool to members.

The Society is also tasked with producing Guidance Notes on various items. We have a request to produce a guidance note on Stress Testing for Life Insurance companies. The Life Insurance Committee will be looking for members to join the Working Party to produce this Guidance Note. Here is an excellent chance for Life Actuaries to use their training in a practical way. Now is a good time to be thinking of Stress Testing given the stress in the Investment markets.

If you are interested in being the WebMaster or in joining the Stress Testing working party please contact me. I look forward to hearing from you.

[Frank McInerney](#)

SAS Forum

As our next guest speaker for our SAS forum, the Singapore Actuarial Society is pleased to welcome Mr Gary Venter, Managing Director in the InStrat group of Guy Carpenter.

Gary will be talking on: "ERM for Strategic Management - A Status Report"

Date : Monday, 28 April 2008

Time : 4.00pm to 6.00pm

Venue : Suntec Singapore International Convention & Exhibition Centre Room 204, Level 2

Registration from : 4.00pm

Talk commences : 4.30pm

Cost : Paid up Members Free, Non-Members S\$25

Tea and coffee will be served from 5.30pm.

Please pre-register as the seats are limited. Priority will be given to paid up members who have registered. If you would like to attend, please register by emailing [Patsy Lau](#).

Council Update

A number of important issues were debated at length in this month's Council meeting. In particular, a decision was made to change the recent practice of charging a 'no-show fee' to actuarial forum registrants who don't turn up. This was an unpopular fee that was difficult to administer, and any fees that had been collected will be returned. However catering will be limited to tea and coffee in the future in order to reduce wastage caused by no-shows, which was the reason why the fee was introduced in the first place. Registration for events will still be needed in order to ensure sufficient seating space.

CPD returns from Fellows have been tallied, with the pleasing result that the vast majority of members were able to complete and submit the form on time (although not without reminders, in many cases!). However a small number of members had not submitted the form as of the Council meeting.

On a similar note, **the due date and period of grace for membership** is now past – members who haven't renewed their membership will need to reapply if they wish to rejoin the Society.

For the convenience of our younger members taking the UK examinations, we already organise the CA2 Modelling Module in Singapore. We are interested in whether there is sufficient demand for us to expand this service to other suitable subjects. One that springs to mind is the Business Awareness module (again for the UK examinations) but we have an open mind on any others. Please let me know if you wish us to consider running any particular course in Singapore that you would otherwise need to sit overseas. As the objective of this request is to gauge demand, please do not rely on others to feedback!

[Mark Birch](#)

Committee Update

The **Public Relations Committee** was formed in August last year and now has 9 committee members. Our terms of reference and responsibilities include (1) organising social activities to foster networking opportunities amongst SAS members, (2) public relations and communication activities to raise the awareness of the SAS and our profession with the local employer community and the public at large and (3) recruitment activities which encompass coordination of actuarial career talks in schools and universities. We are also in the process of completely revamping the SAS website to improve its functionality, user-friendliness and look. The new website should be ready in the next few months, so do keep a lookout for it!

Volunteers to help in organising social events are always welcome and we would also like to ask for volunteers for the career talks. If you would like to be part of our activities or if you have ideas to promote the SAS or the profession, please contact [Sharon Tan](#), Chair of the Public Relations Committee.

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