



Singapore Actuarial Society

Newsletter

25 September 2008

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Editorial – USP Part 2

Well it seems the USP topic is one that people care most about (at least of all my rants so far) – I received two written contributions as well as several conversations over the last week. Thanks to all who took the time to share their thoughts with me.

One contributor felt that “Risk and uncertainty is the essence of insurance business, and it is indeed THE reason that drives the development of the actuarial profession.” That’s certainly true, and says something very fundamental about our profession. Another reader suggested that the ability to “give a simple explanation of a complex issue” is our USP. Some of the most impressive actuaries I’ve worked with have excelled in this regard, and it’s a highly desirable characteristic, although most of us (myself included) could do with improving our abilities in this respect.

So the best I can do at this point, is to suggest that our USP involves understanding risk, using judgment to propose a suitable course of action, and clearly communicating outcomes to our ‘customers’. If anyone can suggest improvements or a different approach, please let me know!

Now speaking of risk and uncertainty, I’m sitting here watching the latest round of fallout in the financial markets following the collapse of one bank and several other institutions teetering on the brink. It seems that financial markets regularly experience a boom and bust cycle, and at the risk of relying on hindsight, it’s been fairly clear that the asset markets at the core of the last couple of busts were overvalued (property, dot-com stocks).

What seems to be different this time, is the interconnectedness of financial markets, which has resulted in huge systemic risks. I’m no great student of history, but I’ve read that in simpler times, it was not unusual for several banks to fail each year, and although this would’ve been a big problem for those investors directly affected, any one of these events wouldn’t have threatened a national, let alone global, financial system.

Watching the speed of information flashing up on the screen in front of me, I wonder how much of a contribution information overload has made to these problems. In simpler times, one wouldn’t have been able to sit in one’s hotel room and watch real time prices from around the world, being updated *several times per second* on your television. How can we possibly synthesise all of this information and make sensible decisions to act? Do we as actuaries need more and more data to make good decisions? Or is the majority of the additional information just noise?

I had the good fortune to hear Malcolm Gladwell speak about his book ‘Blink’ at a dinner function a couple of years ago. Although there was much in his thesis that I didn’t agree with, one of his anecdotes resonated – namely, that a study involving medical doctors found that accuracy of clinical diagnosis actually decreased once available information exceeded a certain threshold. So I wonder if we are becoming more reliant on data to do our jobs, or are unable to make long term decisions because of the speed of change, and the speed of communication of that change in financial markets these days. Do you routinely quote percentage changes in big numbers to several decimal places?

As always, I’m waiting to hear your thoughts, and I promise not to quote you out loud...

[Andrew Linfoot](#)

Notes from the President

One of the important tasks facing Council is the financial management of the Society. As we move to be more independent of the major employers of actuaries, we are faced with higher costs. This year for the first time the Society is having to pay for office space. We also have one full time employee, Patsy, where previously she only worked part time for the Society.

Our previous budgeting approach was to set the annual fee to cover the cost of the Secretariat. Other income was used to cover the cost of events and other activities. Given the increase in the cost of the Secretariat we are looking to increase fees for 2009 and also to budget for a proportion of the Secretariat costs to come from events. So expect a steady stream of events in future.

It is difficult to write anything without mentioning the extraordinary events affecting financial institutions recently. This is stress testing in practice and we shall see how good the risk management of those institutions actuaries are involved with really is in practice.

[Frank McInerney](#)

SAS Forum

The next guest speaker for the SAS forum is Mr. Gavin Maistry, Chief Pricing Actuary for Munich Re’s Life business in the Asia-Pacific region. Gavin will be talking on: ERM & the New SoA CERA Credential.

Date : Monday, 29 September 2008

Time : 4.00pm to 6.00pm

Venue : The Executives’ Club,
#33-01 OCBC Centre (West Lobby),
65 Chulia Street, Singapore 049513

Registration from : 4.00pm
Talk Commences : 4.30pm sharp
Cost : Paid up Members Free
Non-Members S\$25

Coffee and snacks 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 contacting [Patsy](#).

About the presenter: Gavin Maistry recently joined Munich Re in Singapore - as the Chief Pricing Actuary for the Life Business in the region. Previous to this, Gavin worked as a Corporate Actuary and Regional Pricing Actuary for Swiss Re in Zurich for over seven years - focusing mostly on their life business in Asia. He also held earlier Client Management roles for Partner Re's life business in the UK, Israel and South Africa. Gavin started his insurance career at Old Mutual in South Africa - and worked in various actuarial product development, pricing & valuation roles. Gavin holds the Fellow of the Society of Actuaries (FSA) and Chartered Enterprise Risk Analyst (CERA) designations from the Society of Actuaries. He is also a CFA charterholder and a graduate of the University of Cape Town in South Africa.

If you would like to help with organization of forums, or have a suggested topic or speaker, please contact our Forum coordinator, [Sumit Narayanan](#), or the Chair of the Education Committee, [Mark Birch](#).

Other Events: Social Night at Oosters Belgian Brasserie on 9 October

Following the success and great fun that we had during our drinking night event at Oosters, Capital Square, almost exactly a year ago when some 40+ people turned up, the Public Relations Committee are happy to announce that we will hold the event again at the same venue on Thursday, 9 October, from 7 p.m. onwards.

Members and non-members alike are welcome to join us and before you ask, no, I don't recall many actuarial discussions going on in the bar.

Details will be sent to you via email shortly - watch out for the email and we will see you there!

[Sharon Tan](#)

Council Update

The Council has been working hard to keep the SAS and the actuarial profession an important part of your professional and personal lives. We have been holding a number of meetings this year, with an upcoming forum on September 29th on Enterprise Risk Management and the Appointed Actuaries Symposium on December 2nd. We also will be holding a social night on October 2nd, so come out and meet your fellow members!

If you have a topic you would like to learn more about, or if you would like to present a forum topic and practice your presentation skills, please don't be shy and contact me or any other member of Council.

The SAS Council is pleased to announce the addition of two new members: Ms. Rani Rajasingham and Mr. Ken Ng. We wish them welcome and look forward to working with them. If you would like to be involved with the SAS, please do not hesitate to contact me at [Jill Hoffman](#).

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