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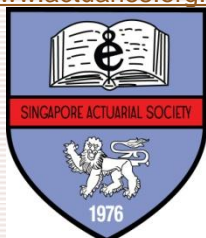
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**Patsy Lau**

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## Editorial

One of the interesting features of the new newsletter is the table of upcoming events. It is particularly interesting to note that many events take place in the coming months including the Pacific Insurance Conference which is a biannual event and which is being held in Singapore next week, and the East Asia Actuarial Conference (EAAC) which is also biannual which is being held in Kuala Lumpur in October. Both of these events are 'high profile' and attract large attendance. The EAAC will be in Singapore in 2013 and planning logistics has already started with SAS the leading and host actuarial society.

There are also many other SAS Talks, social nights and the Life AA Symposium.

Please mark your diaries and try to attend these events which all help to further the profile of the SAS and which in some cases help with your CPD requirements.

**Richard Holloway**

## Message from the President

Last Council meeting saw the resignation of Lorna McLaren as Hon. Secretary. She has held this position for the past year and a half and has done a wonderful job. Her contribution to the SAS is greatly appreciated and she will be missed. Council and I wish her all the best as she begins the next chapter in her life.

As with all change, there is a silver lining. Raymond Cheung was approved by Council to be the Hon. Secretary. He has volunteered with the SAS in the past and is keen to build up ERM activities. Please join me in welcoming Raymond to Council.

As I hope you all know, the EAAC 2011 will be held in Malaysia in October. Work has begun on the Singapore EAAC 2013 with the forming of a committee. If you are interested in joining the committee, please do drop me a line, and expect to see semi-regular updates over the next 2 years as it is planned.

**Jill Hoffman**



## Upcoming Events

Date	Event	Location	Contact
11 <sup>th</sup> – 14 <sup>th</sup> Sept	Pacific Insurance Conference	Marina Bay Sands, Singapore	Secretariat: <a href="mailto:25thpic@pacificinsuranceconference.org">25thpic@pacificinsuranceconference.org</a>
13 <sup>th</sup> Sept	SAS Talk: John Nicholls	The Executive Club #33-01 OCBC Centre	Patsy Lau / Choo Oi San
20 <sup>th</sup> Sept	Institute of Actuaries Australia: Third Annual Enterprise Risk Management Seminar	Swissotel, Sydney	IAA: <a href="http://www.actuaries.asn.au/Events/Event.aspx?id=273">http://www.actuaries.asn.au/Events/Event.aspx?id=273</a>
23 <sup>rd</sup> Sept	Non-Life Insurance Forum 2011: Reducing Uncertainty, Creating Values	Grand Millennium Sukhumvit Bangkok Hotel, Thailand	Khun Rattiya Singlor: <a href="mailto:rattiyas@mittare.com">rattiyas@mittare.com</a>
27 <sup>th</sup> Sept	Asia-Pacific 2011 Pension Forum	Island Shangri-La, Hong Kong	ASFA Events: +612 9264 9300
29 <sup>th</sup> Sept – 1 <sup>st</sup> Oct	IAIS 2011 Annual Conference	Coex Convention Centre, Seoul South Korea	IAIS: <a href="http://www.iais2011.org/">http://www.iais2011.org/</a>
10 <sup>th</sup> – 13 <sup>th</sup> Oct	The 16 <sup>th</sup> East Asian Actuarial Conference	Kuala Lumpur	David Goh: <a href="mailto:admin@actuariesasia.org">admin@actuariesasia.org</a>
24 <sup>th</sup> – 28 <sup>th</sup> Oct	3 <sup>rd</sup> Asian Investors' Corporate Governance Conference	Raffles City Convention Centre, Stamford Ballroom	Pauline Soh: <a href="mailto:pauline@sias.org.sg">pauline@sias.org.sg</a>
28 <sup>th</sup> Oct	Tiger Brewery Tour	Tiger Brewery, Singapore	Annette King
30 <sup>th</sup> Oct – 2 <sup>nd</sup> Nov	11 <sup>th</sup> Singapore International Reinsurance Conference	Marina Bay Sands, Singapore	SIRC: <a href="http://www.sirc.com.sg">http://www.sirc.com.sg</a>
3 <sup>rd</sup> Nov	Appointed Actuary Symposium 2011	Amara Hotel, Singapore	Patsy Lau
20 <sup>th</sup> – 22 <sup>nd</sup> Nov	Accident Compensation Seminar	Brisbane, Australia	Emma Simonson: <a href="mailto:emma.simonson@actuaries.asn.au">emma.simonson@actuaries.asn.au</a>
2 <sup>nd</sup> Dec	SAS Bowling Night (TBC)	Marina Square SuperBowl	Annette King
19 <sup>th</sup> – 21 <sup>st</sup> Feb 2012	14 <sup>th</sup> Global Conference of Actuaries	Mumbai, India	Aparajita Mitra: <a href="mailto:aparajita@actuariesindia.org">aparajita@actuariesindia.org</a>

## Council Update

In August, our dear Honorary Secretary Lorna McLaren has stepped down from her duties in the SAS Council as she is heading back to her hometown in South Africa after working in Singapore for the last 4 years. On behalf of the Council, I would like to take this opportunity to thank Lorna for her good work and significant contributions to SAS in the past 1.5 years! Indeed she will be missed and remembered by all of us in the Council. With effect from August 2011, I will be taking over her role as the Honorary Secretary. I am looking forward to serve and work with all of you in the coming months.

This month, a number of our student and ordinary members are gearing up for the Institute actuarial exam sessions taking place in September/October and we hereby wish you the best of luck with your exams.

Our next major event lining up for you will be the 16<sup>th</sup> East Asian Actuarial Conference (EAAC) from 10 to 13 October 2011 to be held in Kuala Lumpur, Malaysia.

**Raymond Cheung**

EAAC has proven in the past to be one of the most popular events in the actuarial calendar! Registration for this year is now opened. Please visit [www.actuariesasia.org](http://www.actuariesasia.org) for more details.

For those of Fellow or Associate who have yet to submit your Continuing Professional Development (CPD) records for this year or past years, please do so via the website or through the submission of written records to Patsy. Please note that under our new Professional Standard 1 (PS1) on CPD a Fellow or Associate who failed to comply with the CPD requirements will be offered as an Ordinary member at the next year's SAS membership renewal. We will be sending reminders to individual very soon.

We welcome any feedback and suggestions on how we can serve you better in the SAS. Please email me at [secretary@actuaries.org.sg](mailto:secretary@actuaries.org.sg) or Patsy Lau, our Administrative Executive, at [patsy@actuaries.org.sg](mailto:patsy@actuaries.org.sg) for any SAS matters.



## **Committee Reports**

### **• Life Insurance**

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We've confirmed the date of the AA Symposium as 3 Nov. A "Save the Date" email has been sent to all SAS members and we are currently finalising the topics and panel of speakers. The final draft of the report on

**Koo Chung Chang**

mortality studies has been circulated to the working group for one last review and we expect to be able to finalise it and present the findings at the coming AA symposium.

### **• International Committee**

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The International Actuarial Association (IAA) has prepared an exposure draft of International Standard of Actuarial Practice 1 (ISAP 1) - General Actuarial Practice, and is asking for comments on the draft. The draft can be found at

[http://www.actuaries.org/LIBRARY/EXPOSURE/ISAP1\\_General\\_Standard\\_ED.doc](http://www.actuaries.org/LIBRARY/EXPOSURE/ISAP1_General_Standard_ED.doc).

**Colin Pakshong**

ISAP 1 is intended for use as a model actuarial standard that IAA member associations may consider adopting. It is not compulsory for member associations to adopt the standard, but it is hoped that publishing model standards will lead to greater convergence of national actuarial standards.

If you are interested in preparing a response to the draft on behalf of the SAS, please contact me.

### **• Public Relations**

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#### **Tiger Brewery Tour!**

Date: 28 Oct 2011, Friday  
Venue: Tiger Brewery, Singapore

#03-200 Marina Square  
No. of teams: 10  
No. of people per team: 5

#### **Bowling Night!**

Date: Night of 2 Dec 2011 (tentative)  
Venue: Marina Square SuperBowl, 6 Raffles Boulevard

There will be prizes for the top teams and players. Food and drinks will be provided.

Start thinking about your teams now!

**Annette King**

*There were no updates from the other committees for the month of August.*

## **New Members**

### **For the months of July & August**

#### **Fellow Membership:**

Mr TAN WEI Chyin, Great Eastern Life  
Mr FOO Chien Ho Peter, Actuarial Consulting Group  
Mrs Yanwen ZHANG, NTUC Income Insurance  
Mr Martin Alan NOBLE, KPMG Hong Kong  
Mr Mark O'REILLY, Deloitte Consulting Pte Ltd  
Mr Kevin CHENG, Great Eastern Life Assurance (Upgraded)

#### **Ordinary Membership:**

Ms LIN Shanru, Munich Re  
Mr Julien PARASIE, Mazars Asia Pacific Pte Ltd  
Mrs GU Yi, Tokio Marine Asia Pte Ltd  
Mr WU Peng, Asia Capital Re (Upgraded)  
Mr CHEAH Sin Hong (Upgraded)

#### **Associate Membership:**

Mr LOW Zi Xiang, Milliman Pte Ltd  
Mr David KONG, Milliman Pte Ltd

#### **Student Membership:**

Ms ZHAO Xiahong, National University of Singapore



## News & Articles

### • General News

#### Swiss Re sees Growing Role for Insurers in Asia's Trade Finance Market

A.M. Best Company, 02 August 2011

Hidden credit risks among Asian exporters often prevent them from securing capital from financial institutions for international trading. A new program organized by an insurer and a multilateral development bank aims to provide an alternative source of funding to help mitigate risks for the growing trade finance market in the region.

The size of the trade finance market in emerging markets, including Asia, is about US\$2 trillion, of which up to 75% are syndicated, according to the International Monetary Fund. "Clearly only a small fraction of this already represents a very strong opportunity for the commercial insurance market," said Azman Noorani, vice president of the bank trade and infrastructure finance unit at Swiss Re Corporate Solutions.

Although Asia's rapidly growing economy is largely based on exports, many countries, except China, South Korea and Singapore, find it difficult to export or import key goods because they struggle to get the trade finance they need from international and local banks.

"The exporters in the Asian developing countries face challenges in obtaining finance from commercial banks due to perceived risks," said Noorani. To support these growing markets, Swiss Re through its commercial unit, Swiss Re Corporate Solutions, and the Asian Development Bank agreed to offer banks guarantees and loans that enable them to provide trade finance, "particularly in so-called frontier economies."

The reinsurer will insure US\$250 million of trade finance conducted through the ADB's current trade finance program. The bank noted the newly injected capital "could result in around US\$500 million in additional trade finance support per year for developing Asia."

This is Swiss Re's first transaction with ADB. The new capacity enables ADB to provide additional trade finance to partner banks in support of international trade, said Noorani. The partner banks are "more comfortable" accessing new and challenging markets with the guarantee provided by ADB, and this gives emerging countries access to trade finance that would normally not be available, he added.

Through the cooperation, the reinsurer said it can provide "an alternative source of capital" to banks, governments and international financial institutions beyond traditional risk mitigation strategies, while ADB

is an important partner in bringing financing solutions to support economic development in Asia across a broad spectrum of risks.

Trade has been a key tool for driving growth and poverty reduction in Asia and should be expanded and improved so the benefits are shared by all economies in the region, said ADB President Haruhiko Kuroda earlier at a conference in Geneva, Switzerland.

"We must close the gap between Asia's surging economies and those mired in poverty by isolation, limited resources, mini-scaled trade and inadequate finance," said Kuroda, who also called for better strategies along with more aid for trade.

In 2010, ADB's trade finance program supported 783 trade transactions worth US\$2.8 billion, with banks in Bangladesh, Vietnam, Pakistan, Sri Lanka and Nepal, the five most active users. Demand in the first quarter of 2011 rose over 50% year-on-year across Asia, according to the bank.

"More trade means more jobs, higher incomes and lower poverty," said Noorani, who added trade finance has an "attractive risk profile" and has proven to be "very robust" during the credit crisis.

A survey of nine banks active in trade finance showed a default rate of 0.02% for 5.2 million transactions worth US\$2.5 trillion conducted in the past five years, according to a study jointly developed by ADB and the International Chamber of Commerce last year.

"ADB's program has never incurred any losses, thus we are comfortable with the risks in this portfolio," said Noorani. "In any case, owing to Swiss Re's highly diversified global reinsurance business and strong capital base, our strategy has always been to hold the risks that we take."

In addition to the bank trade and infrastructure finance unit, Swiss Re Global Partnerships is also involved in this deal. The latter is responsible for the risk management and risk financing needs of governments, development banks and other public sector bodies by providing the reinsurer's solutions to this market segment.

Bank trade and infrastructure finance, as well as partnering with public development entities, are both

strategic growth areas for Swiss Re Corporate Solutions globally. "We are looking for growth opportunities — organic and transactional growth," said Noorani.

The Switzerland-based reinsurer has completed a number of highly visible risk financing transactions with public sector entities in other regions of the world. Noorani said he believes that governments and development banks will "increasingly embrace the concept of ex-ante risk financing." He said Swiss Re is

currently in discussions with other development institutions to replicate the transaction in other markets.

Philippines-based ADB has 67 members, 48 of them from the Asia/Pacific region. Its trade finance program provides credit guarantee, risk participation agreement and revolving credit facility services through more than 180 banks. In 2010, ADB's approvals, including co-financing, totaled US\$17.51 billion.

Written by **Rebecca Ng**

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## **Confidence Dips in Banking, Insurance and Finance Sector**

**The Actuary UK, 22 August 2011**

A year of catastrophic losses, ongoing soft pricing and regulatory uncertainty has hit confidence hard, the latest ICAEW/Grant Thornton 'UK Business Confidence Monitor (BCM)' has shown.

Peter Allen, head of the Financial Services Group at Grant Thornton, said: "For the insurance industry, 2011 so far has been characterised by a series of expensive catastrophes which have hit profitability — but not sufficiently to create a turn in the pricing cycle. Natural disasters in New Zealand, Australia and Japan have meant that first half results for most re-insurance businesses are showing losses that, combined with a poor pricing environment and investment returns, are reducing confidence in the sector.

"There is also continued regulatory pressure, with high levels of uncertainty as to the timing and final scope of Solvency II and the transfer of UK regulatory oversight from the FSA. Solvency II has required a significant investment of both time and money by re-insurers, as they put in place the wide-ranging changes to capital and reporting requirements. The fact that there is still debate as to whether the implementation date will be January 2013, or the start of 2014, is not helping the industry to feel that it can prepare with confidence."

Further information available at **ICAEW website**

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## **Insurers May Escape Capital Surcharges from Global Regulators**

**Reuters, 17 August 2011**

New rules to ensure no insurance company is too big to fail are set to be drawn up in time for the 2012 meeting of G20 leaders, although unlike banks they may not include capital surcharges, according to industry supervisors.

The proposed new rules, which the International Association of Insurance Supervisors (IAIS) is helping to draw up for the Financial Stability Board (FSB), are aimed at preventing a repeat of the problems seen at insurer AIG, which required a rescue by the U.S. government during the 2008 financial crisis.

The FSB and Basel Committee on Banking Supervision set out their plans in July to boost the loss absorbency capacity of the world's largest banks through capital

surcharges, but said work on other financial firms, including insurers, was ongoing.

Yoshihiro Kawai, secretary general of the IAIS, told Reuters that it would be likely that the measures for determining if any insurers are global systemically important financial institutions (G-SIFIs) and how they should be regulated would be finalized in time for the G20 meeting in Mexico next year.

"We've had discussions with the FSB and they have agreed we can develop our policy measures as well as indicators and methodologies to assess which insurers are G-SIFIs, if any, by sometime next year," he said via a telephone interview.





### CAPITAL SURCHARGES

Insurers judged to be systemically important may not be subject to the type of capital surcharges imposed on banks.

A source at a national regulator told Reuters that supervisors are not yet clear whether the capital surcharge is necessary to try to curb the risks to the financial system posed by large insurers.

The source said that since insurers do not pay out money until there has been some kind of accident, disaster, injury, or death, regulators recognize that they cannot be subject to a run on their money in the same way as banks.

The IAIS's Kawai said no decision has yet been made, but that there are other criteria likely to be more important than capital surcharges to bolster the regulation of systematically important insurers.

"There are three important policy measures for G-SIFIs. One is higher loss absorbency (capital surcharges), another is intensity of supervision and the third one is the resolution regime. There should not be any institution which is too big to fail," he said.

"I think the last two measures, resolution regimes and intensity of supervision, may apply to insurance G-SIFIS, if any, in particular."

### IDENTIFYING THE INSURERS

Kawai said the differing business model of insurance compared to banking means criteria used to determine which insurers are systemically important would be different to that used for banks.

The source at the national regulator said that after the restructuring of AIG there might be no insurers which at present meet the criteria of being globally systemic. As a result, the new rule might be just preventative.

Kawai said the criteria are yet to be decided, but added that the focus is likely to be on the extent to which an insurer is engaged in non-traditional forms of the business such as credit default swaps and other credit-related insurance activities.

"Generally speaking if insurance companies operate a traditional business, we are convinced that they do not create systemic risk," he said.

"The key issue is how much non-traditional business they are carrying on and that is an important factor to assess the systemic relevance of insurance," he said.

Reported by Noriyuki Hirata and Rachel Armstrong

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## **Brainteasers**

**#1**

Using the four numbers 3, 3, 8, and 8, and the usual four arithmetic operations (addition, subtraction, multiplication and division), can you make the number 24?

You have to use all four numbers, and fractions are allowed.

### **Answers for last month's brainteasers:**

**#1**

$$101 - 10^2 = 1$$

**#2**

First, light Fuse 1 at one end and Fuse 2 at both ends. Fuse 2 will burn out in 30 seconds, and at that point, Fuse 1 would have 30 seconds left to burn. Therefore, we will then light the other end of Fuse 1 and it will be extinguished in another 15 seconds (a total of 45 seconds).

**#2**

What can you catch but not throw?