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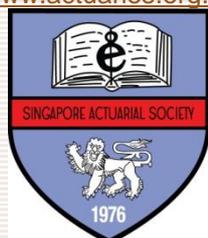
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## Editorial

It was great to have my first experience of the SAS 'Volunteers Dinner' on Thursday night. Over 30 members enjoyed a sumptuous Thai meal in the Amara hotel in recognition of their contributions to the SAS over the prior 12 months. Raymond also has the tricky task of identifying and finding space to recognise all of the volunteers in 2012 in this year's annual report which needs to be prepared prior to the upcoming AGM. The Council very much appreciates the contributions made from all of our members, which is helping to expand and grow the reach of the SAS.

Richard Holloway

## Message from the President

Mark your calendars! The AGM and Annual Dinner are being held on March 23<sup>rd</sup> at the Fullerton and Thai 1827 respectively. Please note that all Council seats are elected annually, so if you are interested in running, please contact myself or Raymond to find out more. As well, a discussion surrounding the definition of a Fellow of the SAS will take place on February 21<sup>st</sup>. I look forward to the conversation.

Council has been in discussion on issuing a "Technical Note". A Technical Note would not carry the same weight as a Guidance Note (which is binding), but rather provide advice to the actuary in carrying out work related to that Technical Note. As they are not binding, we are considering treating it the same as the mortality study, that is distributed to membership for comments, but not ratifying it via an Extraordinary General Meeting. I would love to hear your thoughts on this.

Jill Hoffman



## Upcoming Events

Date	Event	Location	Contact
21 <sup>st</sup> Feb 2012	SAS Forum: SAS Fellows	The Executives' Club, #33-01 OCBC Tower, 4pm	Patsy Lau: <a href="mailto:patsy@actuaries.org.sg">patsy@actuaries.org.sg</a>
22 <sup>nd</sup> Feb 2012	IAAHS: Drivers of Utilisation increases in Healthcare Claims around the World	Webcast	<a href="http://www.actuaries.org/IAAHS/Webcast/Utilization/Webcast_Registration.cfm">http://www.actuaries.org/IAAHS/Webcast/Utilization/Webcast_Registration.cfm</a>
5 <sup>th</sup> – 6 <sup>th</sup> Mar 2012	1 <sup>st</sup> Conference on Social Media & Mobile Marketing for Insurance	Marina Mandarin Hotel, Singapore	<a href="#">Asia Insurance Review</a>
23 <sup>rd</sup> Mar 2012	SAS AGM	The Fullerton	Patsy Lau: <a href="mailto:patsy@actuaries.org.sg">patsy@actuaries.org.sg</a>
23 <sup>rd</sup> Mar 2012	SAS Annual Dinner	Thai 1827	
18 <sup>th</sup> Jun 2012	Equity-Based Insurance Guarantees Conference	Tokyo, Japan	Ravi: <a href="mailto:kravindran@annuitysystems.com">kravindran@annuitysystems.com</a>
14 <sup>th</sup> – 17 <sup>th</sup> Oct 2013	17 <sup>th</sup> East Asia Actuarial Conference	Singapore	Wil Chong: <a href="mailto:Wil.chong@allianzre.com">Wil.chong@allianzre.com</a>

## Council Update

Even though 2012 has just begun, the SAS has already lined up for you a number of great conferences in the coming few months.

The Retirement Conference in April brings about the theme on “Improving retirement security in Singapore”, indeed a very timely and relevant topic for many Singaporeans! Registration has started and the early birds will enjoy a \$100 discount until 29<sup>th</sup> February.

Come next is our Health Insurance Conference in May “The Ticking Healthcare Bomb”. The two day conference also comes with a day of pre-conference technical workshop. For more information please visit the Health Insurance Conference Facebook page.

**Raymond Cheung**

In June, we have our General Insurance Conference. This is our 4<sup>th</sup> annual GI Conference organized by the SAS. The invitation for presentations has been sent out. Please visit our SAS website for more information on these conferences.

The month of February is a very busy period for SAS as we begin to prepare for the Annual General Meeting (AGM) next month. This year the 36<sup>th</sup> AGM and Annual Dinner have been scheduled on 23<sup>rd</sup> March, so please mark it down in your diary. More details will be announced shortly.

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

### • 17<sup>th</sup> EAAC Organizing Committee

After various rounds of hair-pulling brainstorming, the committee has finally decided on the theme of “Redefining Risk, Creating Value” for the 17<sup>th</sup> EAAC. This is an ambitious agenda but nonetheless, topical and challenges actuaries to be relevant in this market place.

Whilst many volunteers took time off over the Lunar New Year break, it’s been a busy month for our various sub-committees, making great strides in the following:

- SAS Council approved the budget submitted by our committee
- We have engaged a Professional Conference Organizer whilst Resort World Sentosa has been chosen as the site for this event.

- Mr. Frank McInerney, former SAS president, has agreed to be on our Advisory Committee

We are still looking for volunteers in our Marketing Committee. If you have the creative juice and marketing flair in promoting our event and in designing our homepage/Facebook site – we want you!



### Wil Chong, 17<sup>th</sup> EAAC Chair

#### • Health Insurance

The Committee will soon start planning its projects for the 2012/13 year. It welcomes any SAS member who wishes to participate in these projects (you will have a

say as to what they will be). If you are interested, please contact me at [chichenghock@gmail.com](mailto:chichenghock@gmail.com)

### Chi Cheng Hock

#### • General Insurance

Things are pretty quiet for GI actuaries in Singapore at the moment – everyone is keeping their heads down getting on with the mountain of work that seems to be around at this time of year.

Hopefully this doesn’t mean you have been too busy to think about submitting a paper for the conference this year following the call for papers released before CNY.

We have already had some good response and it looks like this year’s conference will continue the strong tradition of the last few years. Don’t leave it too late to submit your proposal for a presentation as competition for space is looking hot this year. Remember, the conference will be held on the 31<sup>st</sup> of May / 1<sup>st</sup> of June at Resort World Sentosa, so save the date!

### Matthew Maguire



## **New Members**

### **Fellow Membership:**

Michael CROUCH, *Aon Benfield*

Adrian GOH Wei Yang, *Prudential Assurance Co*

Rachel Jane EAGLETON, *DW Simpson*

Travis Wayne MILLS, *ACE Asia Pacific*

Corrine YEO Chin San, *Swiss Reinsurance*

Warwick Lawrence YOUNG, *Aviva Limited*

David Dae Yuel YANG, *Samsung Fire & Marine*

**Insurance Co**

YEN Chung-ye Scott, *Chartis Insurance*

CHOY May, *JP Wall Consulting Partners* (Upgraded from Ordinary)

CAI Wei, *Great Eastern Life* (Upgrade from Ordinary)

ZHANG Xuan, *Great Eastern Life* (Upgrade from Ordinary)

GOH Jio Young, *Chartis Insurance* (Upgrade from Associate)

Joseph CHOO Joo Beng, *ERGO Asia Management* (Upgrade from Associate)

### **Associate Membership:**

Nil

### **Ordinary Membership:**

BALAKRISHNAN Rohan, *JV Corporate*

KOH Chew Ling, *Asia Capital Reinsurance*

Anastasia Bernardine TANADI, *MS Frontier Re Modeling Research*

CHAN Kin Ting, *American International Assurance Co*

OH Tian Yu, *Scor Reinsurance Asia-Pacific*

### **Student Membership:**

Nil



## **News & Articles**

### **• General News**

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#### **G20 Rules for Big Insurers to Guard against Arbitrage**

Reuters, 27 January 2012

New rules to ensure no insurance company is too big to fail must guard any against any potential "regulatory arbitrage" between insurers and banks, a top industry supervisor told Reuters on Friday.

Insurance companies have objected to the prospect of facing the type of capital surcharges and extra layers of supervision imposed on the world's systemically important banks, arguing they did not cause the 2008 financial crisis.

Yoshihiro Kawai, secretary general of the International Association of Insurance Supervisors (IAIS), said no decision has been made on whether to include capital surcharges in the regulatory framework for systemically important insurers due by the end of this year.

But he indicated regulators are keen to avoid running the risk of pushing some banking activity into the insurance sector to avoid heavier banking sector rules.

"Naturally insurance and banking are very different business models, but regulatory arbitrage should be avoided between the banking and other financial sectors and banking already has a capital surcharge," said Kawai on a phone interview from his office in Basel, Switzerland.

"So that's an issue we are debating, hopefully we will reach our conclusion by the time of October when we report our final thoughts to FSB (Financial Stability Board)."

The IAIS is helping draw up the framework on behalf of the FSB with the aim of preventing a repeat of the problems at American International Group Inc, which was bailed out by the U.S. government during the financial crisis and is still majority owned by taxpayers.

Kawai said the FSB would issue a consultation on how to decide which insurance companies would be subject to the rules and how they should be supervised during March.

He added though it is still not a foregone conclusion whether any insurer in the world would be judged too big to fail.

"We don't know if there are any global systemically important insurers, but if any are under the judgment of the FSB and national authorities, then they are likely to announce it in this November," he added.

The world's biggest insurers by market capital include Berkshire Hathaway, China Life Insurance Company, Allianz and Axa SA. Rules to decide which are too big to fail are likely to look at how internationally interconnected a company is, rather than just its size.

Capital surcharges of 1 to 2.5 percent for the world's biggest banks were approved last November and the FSB is aiming to have all the framework for insurers and large, systemically important domestic banks finalized in time for the Group of 20 leading economies' meeting in Mexico at the end of this year.

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#### **Ironshore Enters Asian Market with Singapore Hub**

Insurance Insight, 1 February 2012

Bermuda-based property and casualty specialist, Ironshore, is opening an office in Singapore to provide commercial products for the Asian marketplace.

Chen Dai will be the principal officer of the new branch, while John Moncavage joins as vice president of political risk.



The branch will offer Ironshore's suite of property and casualty products, focusing on financial and commercial professional liability, warranty and indemnity, casualty and environmental, war and political violence, high value cargo, fine art and specie coverages.

Distribution lines will span a variety of different channels, including traditional brokers, as well as diverse companies throughout the Ironshore global platform.

"Ironshore's entry into the Asian market establishes a presence in Singapore that is the logical next step in expanding our global footprint for servicing the growing demand for innovative insurance solutions within this dynamic region," said Kevin H. Kelley, Chief Executive Officer of Ironshore Inc.

Most recently, Dai served as chief representative of Markel Corporation in China. Prior to that he was a professional insurance broker with Newman Martin and Buchan Limited, UK, and with Union Insurance Broker in Beijing, where he provided property and marine insurance brokering services to key Asian clients.

"Ironshore is delighted to have Chen lead our exciting new initiative in Singapore," stated Mark Wheeler, Chief Executive Officer of Ironshore International. "His recognized expertise and hands-on experience in building relationships in the region will enable Ironshore to establish a solid market presence from the outset."

Moncavage joins Ironshore's Singapore office after five years as vice president with HCC Credit Group in New York, responsible for underwriting and marketing trade credit and political risk products.

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### **Insurance to Cost more in Areas hit by Natural Disasters**

#### **Asiaone, 5 February 2012**

Commercial insurance rates in Asia are expected to climb in regions affected by natural disasters following record insurance losses last year.

According to global insurance broker and risk adviser Marsh, Thailand alone is forecast to cost the insurance and reinsurance industry more than US\$10 billion. The insurance market is reacting to the Thai flood disaster in September last year by severely restricting flood coverage on property insurance policies, Marsh says.

It anticipates rate increases of at least 20 per cent across the board on all property and business interruption programmes in Thailand with sub-limited flood cover or no flood cover, plus higher deductibles.

Underwriters are starting to label certain regions and countries as 'nat cat' (natural catastrophe) zones, whereas they were not previously considered as such, says Marsh.

Some are even pulling out of geographies or lines of business altogether to stabilise their portfolios and address profitability issues, Marsh adds.

Market conditions in Singapore are expected to remain soft and competitive as underwriters see Singapore as free from natural catastrophe exposures.

Most insurance premiums are on the decrease, except for companies that have regional insurance programmes with exposures to markets with catastrophe risks.

Marsh says financial lines will continue to enjoy abundant new capacity, keeping rates very competitive, with only crime insurance as an exception due to worsening loss trends. Construction-related insurance will also remain soft with market reductions averaging 10 per cent.

In China and Hong Kong, Marsh expects directors' and officers' liability for US-listed Chinese companies to be up 30 per cent on the back of a significant increase in securities class action lawsuits.

Hong Kong will also see substantial rate increases for companies that have exposure to markets with catastrophe risks.

Japan, which was severely hit by the March 11 earthquake and subsequent tsunami, will see an average 25 to 50 per cent increase for earthquake insurance. Insurers also tended not to provide earthquake capacity unless there was enough underwriting information available.



Rates in Malaysia have risen between 20 to 30 per cent in a number of insurance classes, including financial and property.

Premiums for medical malpractice cover will also be up by 20 to 30 per cent due to two recent high profile losses.

Despite this, Marsh says the continued influx of insurance capital into Asia, the demand for protection as the volume of construction projects grows, and the

increasing general awareness of insurance and risk management are combining to lessen the direct effects in the primary insurance market.

'At best, rates are stabilising, with some areas such as natural catastrophe insurance increasing significantly while others are still enjoying capacity and competition,' Marsh said. It adds that this fragmented and choppy market is likely to continue throughout the first six months of 2012.

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### **Singapore Inc. Needs a Rethink, Economists Say**

**Wallstreet Journal, 16 January 2012**

Singapore's vaunted style of pragmatic, efficient government – credited with fueling the city-state's meteoric rise to prosperity over the last four decades – may have lost some verve, according to a new study by some of Singapore's leading economists.

As decades of rapid and largely equitable growth in this Asian Tiger give way to a widening gap between rich and poor and slowing social mobility in a country often boastful of its meritocratic traditions, the government needs to adopt a more activist stance that better supports citizens, said the paper, penned by six economists for the city-state's Institute of Policy Studies.

That means expanded welfare programs, more redistributive policies, and a bolder, experimental approach to policy making, among other steps.

It's a fairly radical prescription for an island nation that has long been a darling of foreign bureaucrats, many of whom flock here to study its policy-making and economic management, led by a People's Action Party government that emphasizes individual responsibility, lean social security and growth over distribution.

But the current social contract – optimal for places with young populations, rapid growth, full employment, and rising real wages – “would not be sufficient to ensure equitable and inclusive growth in the face of the changes unleashed by globalization, rapid technological change, and our own policies,” the economists said in the paper released Monday on the IPS website. The

authors include academics and former senior civil servants who carry significant heft in policy-making circles, including Manu Bhaskaran, a partner at consultancy Centennial Group and adjunct research fellow at the Lee Kuan Yew School of Public Policy; Donald Low, a former senior bureaucrat at Singapore's finance ministry; Tan Kim Song, an economics professor at the Singapore Management University; and Yeoh Lam Keong, former chief economist at the Government of Singapore Investment Corp.

Analysts widely believe that the days of double- and high single-digit growth rates year-in, year-out are things of the past; Prime Minister Lee Hsien Loong recently said the city-state would do well to average annual growth of over 3% in the coming decade. Rising socioeconomic tensions meanwhile are throwing up political challenges for the PAP, which came through May's general election with its narrowest victory margin since Singapore's independence in 1965, and saw its favored candidate barely win a presidential vote in August.

These electoral setbacks “reflected a discontent with the current model of economic and social development: the over-riding emphasis on growth over distribution; the inadequacy of our social safety nets and the uncertainty this creates; wage stagnation for significant elements of the workforce even as a small segment at the top enjoys large increases; and the increase in inequality,” the economists wrote in the paper.



Piecemeal tweaks won't arrest these problems. "Singapore must find a social compact that achieves a better balance between growth and equity, and between individual responsibility and social insurance," they said.

The solution, they said, involves creating sturdier social safety nets and rolling back a market-fundamentalist approach that has transferred risks from the state to citizens in areas like public housing, social security, and healthcare. While retaining the essence of Singapore's admired social institutions, policy makers should also borrow successful ideas from Scandinavian and East Asian contemporaries, and reject existing dogma – like the insistence on the virtues of small government and low taxes, and a reflexive rejection of expanded welfare – the economists said.

Crucially, Singapore's strong balance sheet allows it to pursue such reforms without sacrificing fiscal prudence

and sustainability, the economists argued. Risks of moral hazard from increased social interventions can also be mitigated with creative policy formulation, they added.

It is unclear if the PAP government, which has enacted comparatively modest reforms so far, would be prepared to pursue these recommendations. A PAP spokesman wasn't immediately available to comment.

However, the authors of the paper acknowledge that the first step to change is often the hardest.

"The main obstacle [to creating a new social compact] lies in a mindset that often does not recognize the need to make important, and sometimes radical, systemic changes as [Singapore's] operating context changes," they wrote.



## **Brainteasers**

### **#1**

You've got 27 coins; each of them is 10 g, except for 1. The 1 different coin is 9 g or 11 g (heavier, or lighter by 1 g). You should use balance scale that compares what's in the two pans. You can get the answer by just comparing groups of coins.

What is the minimum number weighings that can always guarantee to determine the different coin.

### **#2**

My thunder comes before my lightning.  
My lightning comes before the clouds.  
My rain dries up the land it touches.  
What am I?

**Note: If you have a fun brainteaser that you would like to share, please feel free to email Zi at [ZiXiang.Low@milliman.com](mailto:ZiXiang.Low@milliman.com)**

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

#### **#1**

- 1 = John played Mozart on the Violin
- 2 = Nick played Bach on the Piano
- 3 = Kate played Mozart on the Violin
- 4 = Mary played Bach on the Violin
- 5 = Larry played Vivaldi on the Piano

#### **#2**

One person is chosen as a Counter and will only ever turn the light off, and they will count the number of times they do this. Each of the other prisoners will only turn the light on once. They will only touch the light if it's already off - and only if they've not yet turned it on.

Every time the Counter goes to the exercise room, if the light is on again, they'll know a new person has entered the room, and they'll turn the light off.

Once the Counter has turned the light off 9 times, they will know that the other 9 prisoners have entered the room, and therefore can ask for everyone to be released.

- For 10 prisoners, on average, this would take around 91 days.
- For 20 prisoners, on average, this would take around 381 days.
- For 50 prisoners, on average, this would take over 6 years.
- For 100 prisoners, on average, this would take over 27 years.