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Contact

Office: 81 Clemenceau Avenue
#04-15/16 UE Square
Singapore 239917

Mail Box: Singapore Actuarial Society
Robinson Rd Post Office
PO Box 376
Singapore 900726

Patsy Lau
www.actuaries.org.sg

Editorial.

Following the AGM, we enter into a new 'actuarial season' with a new Council. It was good see many familiar faces attend the AGM (there could always be more) and a larger number of familiar faces attend the annual dinner (so the dinner is more exciting than the AGM??!).

The new Council has a good blend of more experienced members (including the very experienced Chi Cheng Hock) and some new members, and there will certainly be no shortage of things do to as Jill embarks on her strategy for redefining the vision of the SAS. There will also be many supporting roles, so please do not hesitate to volunteer and put your name forward. It can be rewarding to know that you have contributed to making a difference, regardless of your age or experience.

In order for everyone to get more connected (and the newsletter is just one medium for communication), can I ask everyone to join the SAS Facebook page. We currently have 152 'likes' to the SAS Facebook page; let us aim for 300 in six months' time!

Richard Holloway

Message from the President

Thank you all for your continued support. I'm very pleased to serve another term as President of the SAS. When I presented my platform at the AGM, I presented one of a Vision, or rather a lack of Vision. This year I want to lead the SAS through some soul searching for where do we, the members, want the SAS to go. First and foremost I see the SAS as the heart of the actuarial community, providing educational opportunities and guidance to the members to further their knowledge as well as social events to provide networking opportunities. But maybe this is not your vision of the SAS. And where do we want the SAS to go? Do we want to be more in the public eye? The very well received Retirement conference was mentioned in the press as solely a "Retirement Conference" with no mention of the SAS and LIA partnership.

I'm working with Council on how best to proceed with creating an updated Vision and Mission Statement for the SAS, but we all agree it will require your involvement. I'm interested to hear your thoughts.

Jill Hoffman

Upcoming Events

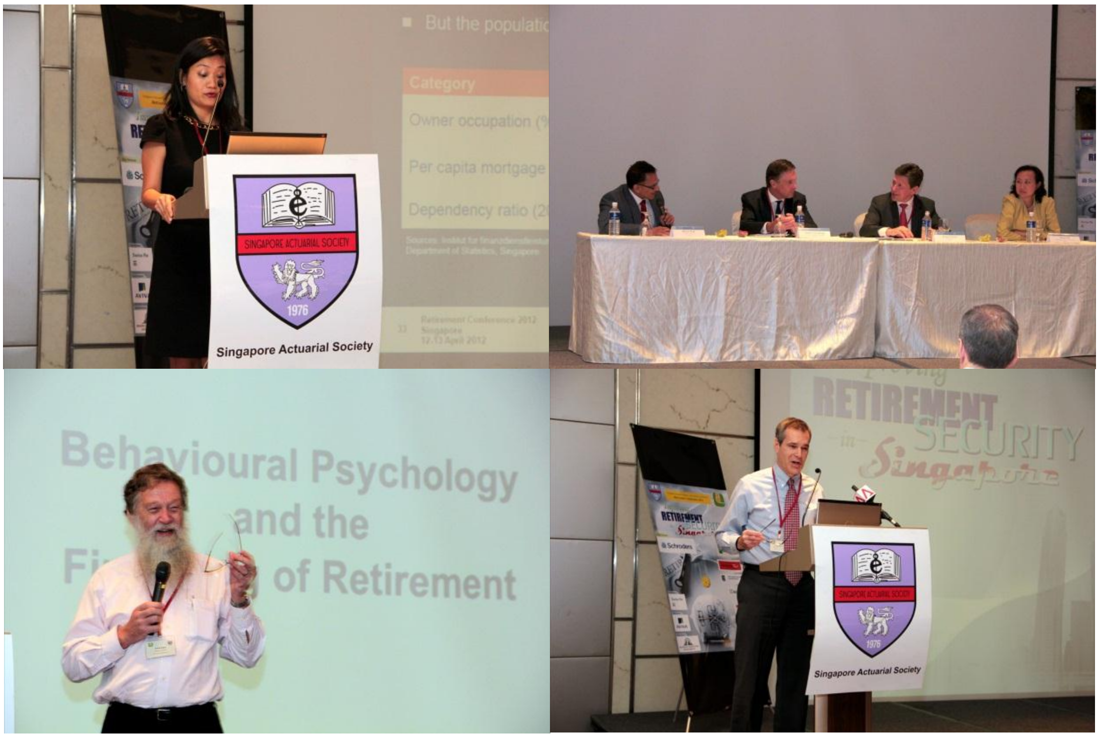
Date	Event	Location	Contact
9th – 10th May 2012	7th Asia Takaful Conference	Marina Mandarin, Singapore	Ms Michelle michelle@asiainsurancereview.com
10th May 2012	SAS Afternoon Talk: "The Future and Actuarial Challenges of Defined Benefit Retirement Schemes and the Alternatives	The Executives' Club, OCBC Centre	Patsy Lau admin@actuaries.org.sg
14th – 16th May 2012	6th Asian CFO Summit	Marina Mandarin, Singapore	Ms Loga loga@asiainsurancereview.com
16th – 18th May 2012	Health Insurance Conference 2012	Convention Centre 1, Resorts World Sentosa	Registration form on SAS website: www.actuaries.org.sg
23rd – 24th May 2012	13th Asia Bancassurance Conference	Sofitel Wanda Hotel, Beijing China	Ms Wee Ling weeling@asiainsurancereview.com
31st May – 1st Jun 2012	General Insurance Conference 2012	Resort World Sentosa, Convention Centre L1	Patsy Lau admin@actuaries.org.sg
18th Jun 2012	Equity-Based Insurance Guarantees Conference	Tokyo, Japan	Ravi kravindran@annuitysystems.com
26th Jun 2012	SAS Afternoon Talk: Topic TBC	The Executives' Club, OCBC Centre	TBC
2nd – 3rd Jul 2012	4th Asia Life Insurance Summit	Jakarta, Indonesia	Ms Michelle michelle@asiainsurancereview.com
10th – 12th Jul 2012	The International Takaful Summit 2012	Jumeirah Carlton Tower, London UK	Randa Buaras contact@takafulsummit.com
14th – 17th Oct 2013	17th East Asia Actuarial Conference	Singapore	Wil Chong: Wil.chong@allianzre.com

PR Committee - Recent Events

The SAS AGM was held on Friday 23 March. 60 members joined us for the AGM dinner at Restaurant 1827 Thai. The Buffet style of dinner was served with free flow of drinks. During the dinner, a great game was played with the winning team: Jill Hoffman, Kok Ern, Lim Siang Thnia and Jeremy Tay and individual winner: Eng Pingni. A great time was had by all. See you all in next year AGM dinner again.

AGM Dinner

SAS Retirement Conference



Council Update

At the Annual General Meeting (AGM) held on 23 March we have ushered in the SAS Council members for the new term 2012/2013:

President:	Jill Hoffman
Vice-President:	Richard Holloway
Hon. Treasurer:	Angela Koechli
Hon. Secretary:	Raymond Cheung
Ex Officio:	Colin Pakshong
Council Members:	Chi Cheng Hock
	Choo Oi San
	Keith Walter
	Matthew Maguire
	Leo Ng
	Scott Yen

We want to thank Annette, Gavin and Alistair for their valuable contribution in the SAS Council in the previous year. At the same time, we want to welcome 3 new members – Matthew, Leo and Scott – into the Council family!

As the new term has started, the SAS is looking for more volunteers to join our various committees. The SAS has also started a new committee this year called Enterprise Risk Management (ERM) Committee. If you are interested to join any of the SAS committees please let me know.

From April to June, the SAS has brought to you a number of well-received conferences. Our very first Retirement Conference was held last month riding on the theme “Improving retirement security in Singapore”. Come next is our Health Insurance Conference in May on “The Ticking Healthcare Bomb”. The two days conference also comes with a day of pre-conference technical workshop. From 31 May to 1 June, we have our 4th General Insurance Conference. Please visit our SAS website for more information on these conferences.

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

Raymond Cheung

Committee Reports

• Health Insurance

The current members of the Health Insurance Committee for the Society Year 2012/13 are Chi Cheng Hock (Chair), Joanna Chu, Leong Siao Wearn, Joyce Poh, Roy Boo, How Chee Koon, Gideon Tan and Samuel Tan. The Committee welcomes more members who are interested in participating in the projects which the Committee has decided to undertake.

Continuing from previous years, the Committee will be developing a resource centre to be sited on the SAS website, for use by members involved in health insurance; analysing data downloaded from the Ministry of Health website; and publishing the annual healthcare and financing report for 2012, which will be expanded in scope. New projects include drafting a paper on suitable managed care models which may be adopted in Singapore; and collating resources and reviewing Singapore regulations in preparation of issuing technical notes for health actuaries here (leading at some time in the future to proper guidance notes).

The Committee hopes to present the findings from some of the projects at Actuarial Forums at the end of the year or in the first half of 2013. Siao Wearn presented the result of the Public-private Healthcare Financing Partnership Survey of East Asian countries, conducted by members of the Committee, at the International Actuarial Association Mini-Congress held in Hong Kong. Joyce will re-present these results at the Health Insurance Conference later this month.

Chi Cheng Hock

• General Insurance

A short update for this month. Don't forget the General Insurance Conference is on at the end of the month. Special rates will be given for members of the SAS. We look forward to seeing you there.

Matthew Maguire

New Members

Fellow Membership:

CHONG Sook Yun, ***Scor Global Life Re***

TSENG Huan Ping, ***Allianz SE Reinsurance Branch***

GE Feng, ***Pricewaterhouse Coopers (Shenzhen)***

Alex KING, ***Pacific Life Reinsurance***

Mudit GUPTA, ***RSA Group***

Theresa WU, ***Prudential Assurance Co.***

Hing WU, ***Prudential Assurance Co.***

Rachel DRIESSEN, ***Berkley Re Asia***

Ocean CHIU Wai Yeung, ***Asia Capital Reinsurance***

CHIN Nyean Soon, ***Great Eastern Life***

Winnie LIU, ***Munich Re Singapore***

FOO Lee Voon, ***Swiss Reinsurance***

Elizabeth Jane BAKER, ***Aviva Asia***

Associate Membership:

LEONG Jenn Jiang, ***Prudential Assurance Co.***

Munchul LEE, ***Aviva Asia***

Ordinary Membership:

ZHANG Xiaohong, ***Asia Capital Reinsurance***

Andrew NG Wai Onn, ***Prudential Assurance Co.***

CHEONG Chen Siang, ***Prudential Assurance Co.***

KHOO Yong Jian, ***Prudential Assurance Co.***

TEH Mou Kiat, ***Prudential Assurance Co.***

WANG Lulu, ***Prudential Assurance Co.***

ZHANG Hongye, ***Prudential Assurance Co.***

LIM Kae Wee, ***Great Eastern Life***

WONG Cheng Seng Samson, ***Great Eastern Life***

Chanel LIM, ***Towers Watson***

Student Membership:

CHE Yunqing Andrea, ***National University of Singapore***

LIU Hanpeng, ***National University of Singapore***

News & Articles

• General News

Microinsurance requiring effective system to benefit vulnerable poor

Business Day Online, 16 April 2012

Insurance companies in Africa and the world over have increased effectiveness in the development, distribution and management of micro insurance products to ensure valuable risk management that will help reduce vulnerability of the poor in the society.

Analysts say that as more and more people across the world show interest and get used to micro insurance as alternative means of getting out of poverty, it is imperative that providers of the service do not leave any stone unturned in closing confidence gap.

The number of micro insurance schemes worldwide has increased substantially over the past five years and now reaches an estimated 500 million worldwide, according to the Micro insurance Innovation Facility of the International Labour Organisation and the Munich Re Foundation.

Micro insurance aims at protecting poor people against risks - such as accidents, illnesses, death in the family, natural disasters and property losses - in exchange for insurance premium payments tailored to their preferences and capacity to pay.

The second volume of the "Micro insurance Compendium, Protecting the poor" just published by the two organisations says the number of people covered by micro insurance rose from 78 million in 2007 to 135 million in 2009, reaching nearly 500 million people today.

"Since 2008, we have seen numerous innovations emerging to overcome the challenges of providing viable insurance services to more low-income people," says Craig Churchill, Team Leader of the ILO's Micro insurance Innovation Facility and chair of the Micro insurance Network, which is a global multi-stakeholder platform that aims to promote the development and delivery of effective insurance services for low-income people.

The Compendium comes at the right time to help insurers, delivery channels, donors and other stakeholders understand what it means to provide valuable risk-management services to the working poor," Churchill adds.

The results show that Asia - with its two micro insurance powerhouses: China and India - is spearheading the trend, covering roughly 80 percent of the market. It is estimated that 60 percent of people around the world who are covered by micro insurance live in India. Latin America accounts for 15 percent of the market and Africa 5 percent.

There are many reasons why Asia is ahead of the game: large and dense populations, interest from public and private insurers, proper distribution channels and active government support are some examples, the report says.

"Indeed, what the developed world took several hundred years to accomplish cannot be replicated within a decade in the developing world, even given all the new technology and knowledge that is now available. Providing micro insurance effectively requires the involvement of many stakeholders from both the public and private sector who are not used to working together and who often have very different objectives and operating systems. What matters now is the process of getting key stakeholders to work together effectively," says Dirk Reinhard, vice chairman of the Munich Re Foundation.

According to the Compendium, there have been many innovations in the field of micro insurance over the past years. For example, new products covering a variety of risks have been piloted and distributed to poor households through an increasing diversity of channels (e.g., banks, retailers or cell phone companies). Commercial insurers have also entered the low-income market, creating significant capacity for scale. At least, 33 of the 50 largest commercial insurance companies in the world now offer micro insurance, up from only seven in 2005.

Cultural Factors Key Challenge for Risk Management Implementation in Emerging Markets: Aon Risk Maturity Index

Insurance & Technology, 16 April 2012

Cultural factors are the most common challenge to instituting a consistent, global risk management approach in the key emerging markets of Asia-Pacific (excluding Australia and New Zealand), Central America, Eastern Europe, Middle East/Africa and South America. That's according to new findings in Aon Risk Solutions' Aon Risk Maturity Index, a proprietary online tool created to help risk and finance leaders assess the development level of their organization's risk management structures and implementation. Aon Risk Solutions, the global risk management business of Aon plc, announced this research at the 2012 Risk and Insurance Management Society's (RIMS) annual conference and exhibition in Philadelphia.

"Just as an organization must consider cultural differences in its decisions around new market or product entry, it must also consider cultural differences when setting its risk management framework strategy," said Michael Joiner, associate director of enterprise risk management for Aon Global Risk Consulting, in a press release.

Aon Risk Maturity Index questions focus on corporate governance, management decision processes and risk management processes. Specific to this finding, participants were asked, "For each region in which your organization operates, please indicate the key challenges to instituting consistent risk management approaches" and were given the following multiple choice set of factors to consider: legal/regulatory, logistics/geographic, economic/financial, cultural and human capital/talent.

"As many businesses sharpen their focus on remaining competitive and sustainable in a world of uncertainty, this finding reminds us of the importance of starting with a solid understanding of both the environment in which an organization operates and the complexity of risks it faces," said Theresa Bourdon, group managing director, Aon Global Risk Consulting – Americas, in the press release. "The Aon Risk Maturity Index is generating data that can be used to drive insights on business practices globally. As we expected, we are beginning to see interesting trends in the overall risk maturity of organizations based in different parts of the world.

"For example, in more mature markets where risk management has historically been a key component of an organization's operations, cultural challenges are less of an issue. In these cases, organizations are able to focus on the challenges driven by legal/regulatory, economic, human capital and logistics issues."

Looking at the remaining regions, human capital/talent factors were the most frequently identified challenge for organizations with operations in North America. Logistics/geographic factors topped the list for organizations with operations in Australia/New Zealand and Western Europe. The Aon Risk Maturity Index analysis also suggests the key challenges identified are consistent across major industries.

IMF: How The Actuaries Got It Wrong

aiCIO, 11 April 2012

Longevity risk has been so badly estimated over the past couple of decades that if governments and corporations do not change their formulae, they face costs that could cripple both business and economies, the International Monetary Fund (IMF) has warned.

Calculations made by government and corporate actuaries had been based on the wrong starting point, according to a paper by the IMF this week, and failed to take into account unexpected medical advancements when drawing up mortality tables.

"These risks build slowly over time, but if not addressed soon could have large negative effects on already weakened private and public sector balance sheets,

making them more vulnerable to other shocks and potentially affecting financial stability," the IMF said.
On average, governments and pension providers have underestimated longevity improvements by about three years.

The paper said that if they continued to do so "the already large costs of ageing could increase by another 50%, representing an additional cost of 50% of 2010 GDP in advanced countries and 25% of 2010 GDP in emerging markets".

In the United States, such misjudgement would increase corporate pension plan liabilities by 9%, meaning huge additional cash injections by the sponsoring employer, the IMF said.

On a global scale, the IMF estimated that the equivalent of trillions of dollars would have to be spent if amendments were not made immediately.

The paper said governments would have to swiftly look at longevity or their own employees' pension and other general social security payments would spiral out of reach and potentially damage the economy as a whole.

The IMF recommended better education about longevity to the wider public may help alleviate pressure when governments and employers inevitably had to raise retirement ages.

The IMF also suggested risk sharing, but this should include benefits for pensioners decreasing in tough times – an issue that has been discussed in some parts of Continental Europe since the onset of the financial crisis.

Above all, the IMF urged governments and companies to move quickly on the issue. It said: "Measures will take years to bear fruit and effectively addressing this issue will become more difficult if remedial action is delayed. Attention to population ageing and the additional risk of longevity is part of the set of reforms needed to rebuild confidence in the viability of private and public sector balance sheets."

Insurance Giants Vying For ING's Asian Life-insurance Arm

NASDAQ, 25 March 2012

A slew of insurance giants are vying to acquire Dutch lender ING Groep N.V.'s (ING) Asian life-insurance arm in a bidding war that is expected to bring in a windfall for ING, according to media reports on Sunday. A deal could see a price tag of up to $6 billion. Most of them are looking to boost their operations in Asia, which is the currently the world's fastest-growing insurance market.

Among the potential bidders are MetLife, Inc. (MET), Prudential Financial, Inc. (PRU), Manulife Financial Corp. (MFC), and Sun Life Financial, Inc. (SLF). Meanwhile, Korea'sKB Financial Group is said to be interested only in ING's South Korean life-insurance operations, and Samsung Life Insurance has also shown interest. Hong Kong-listed AIA Group Ltd., partly owned by American International Group Inc. (AIG), is also said to be in the fray.

Most of them have already said to have hired prominent advisers to advise them on possible bids. ING is reportedly to sell asset management and insurance operations in Asia separately.

In January, ING dropped its plans for an initial public offering for its insurance and investment management businesses in Europe and Asia, citing the uncertain economic outlook and turbulent financial markets. However, the company said it will prepare for an IPO for the U.S insurance and investment management businesses.

Hong Kong-based ING's life insurance operations consist of eight wholly owned or joint-venture businesses doing business in China, Hong Kong, India, Japan, Malaysia, South Korea and Thailand.

The proposed divestiture is a part of ING's ongoing asset sale in order to comply with an agreement reached with the European Commission while getting approval for a Dutch state aid during the financial crisis in November 2008. The proceeds from the divestitures are used to repay the government aid.

ING received 10 billion euros from the Dutch State in November 2008 after it issued 1 billion core Tier 1 securities, but repurchased 5 billion euros of the securities in December 2009.

The EU ordered ING to shrink its balance sheet by around 45 percent by 2013. The extensive EC restructuring requirements for ING Group also includes the actions that have been taken to separate Banking and Insurance in order to build strong businesses.

In mid-February 2012, Capital One Financial Corp. (COF) completed the acquisition of ING Direct business in the U.S. from ING for $6.3 billion in cash and about 54 million Capital One shares, representing a 9.7 percent ownership stake.

In October, ING completed the sale of majority of its real estate investment management business to CB Richard Ellis Group, Inc., which changed its name to CBRE Group, Inc. (CBG) in early October, for about $1.0 billion in cash in two separate transactions.

ING had in July 2011 agreed to sell its Latin American pensions, life insurance and investment management operations to Colombia-listed financial holding company Grupo de Inversiones Suramericana, or Gruposura, for a total of about 2.68 billion euros or $3.85 billion, as the first major step in the divestitures of its insurance and investment management businesses.

In early in July 2011, ING had reached a deal to sell its European car-leasing unit, ING Car Lease, to German luxury-car maker BMW Group's (BAMXY.PK, BAMXF.PK) fleet management division Alphabet for a consideration of about 700 million euros.

Brainteasers

#1

Three guys checked into a hotel and paid the attendant $30 for a room ($10 each). When the hotel manager returned, he noticed that the attendant had incorrectly charged $30 instead of $25 for the room. The manager told the attendant to return $5 to the guys. The attendant, knowing that the guys would not be able to divide $5 evenly, decided to keep $2 and to give them only $3.

The guys were very happy because they paid only $27 for the room ($9 each). However, if they paid $27 and the attendant kept $2, which adds up to $29. What happened to the other Dollar?

#2

A man wants to take a 1.25 meter-long rolled up painting onto a train, but the conductor would not permit items whose greatest dimensions exceeds 1 meter. What should he do? (Assuming the painting cannot be unrolled and rerolled.)

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

Answers for last month's brainteasers:

#1

Only me, since the rest were travelling away from Saint Ives.

#2

You were one kilometer south of the North Pole when you started walking toward the North Pole. From the North Pole you can only walk south no matter in which direction you go.