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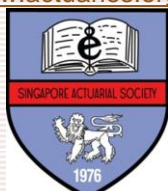
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Editorial

The MAS consultation paper on “RBC 2” presents a good opportunity for SAS to make a formal response and I know discussions are taking place to decide how best to do this. One thing for sure is that SAS will welcome volunteers so please contact the life, non-life or ERM committees to offer your support.

Later this month the Joint Regional Seminar is coming to Singapore. This proves to be a popular event, so do consider attending.

Finally this month we have an interview with one of the longest standing and most recognizable members of SAS, namely Chi Cheng Hock. Cheng Hock has been on the Council for many years and has been Past President and Secretary. He shares with us some interesting perspectives on the role of the actuary.

For those of you who have summer holidays, have a good break.

Richard Holloway

Message from the President

It has come to my attention that there has been some “substituting” at conferences. That is one person will attend for a session or two and then another person will attend later sessions, all under the same registration. This is extremely difficult for us to manage who is attending when. The Council and the Committees setting the prices for the conferences do their best to keep them at an affordable rate for attendees and comparing to other insurance industry events, our costs seem to be significantly lower. We will explore into “half day” options for conferences, but in the meantime, please, no substitutions.

Summer season is upon us. For those of you traveling, I wish you safe travels. For those that are not, I wish you a pleasant Singapore summer. Do note that Council will be taking their summer “holiday” in July, but the SAS office will continue to operate.

Jill Hoffman



Upcoming Events

Date	Event	Location	Contact
1 st Jul – 1 st Aug 2012	SAS Webinar: “Killer Risks: Torpedoes in the Water”	Online	Patsy patsy@actuaries.org.sg
2 nd – 3 rd Jul 2012	4 th Asia Life Insurance Summit	Jakarta, Indonesia	Ms Michelle michelle@asiainsurancereview.com
10 th – 12 th Jul 2012	The International Takaful Summit 2012	Jumeirah Carlton Tower, London UK	Randa Buaras contact@takafulsummit.com
18 th Jul 2012	SAS Talk: “Where next for the Life market in Singapore?”	The Executives’ Club, #33-01 OCBC Centre	Patsy patsy@actuaries.org.sg
19 th Jul 2012	Free Lunchtime Seminar: Counterparty Credit Risk	111 Somerset Road, #06-01/02 TripleOne Somerset	Gavin Maistry GMaistry@munichre.com
26 th – 27 th July 2012	Joint Regional Seminar 2012: Product Development – Going Beyond the Numbers	Ballroom 2, Level 3 Hilton Singapore	Patsy patsy@actuaries.org.sg
27 th July 2012	SAS Wine Appreciation	Wine BOS Lounge & Bistro 787 Northbridge Road	Joey Zhou Joey_zhou@manulife.com
14 th – 15 th Aug 2012	Joint Professionalism Course	TBC	Patsy patsy@actuaries.org.sg
14 th – 17 th Oct 2013	17 th East Asia Actuarial Conference	Singapore	Wil Chong: Wil.chong@allianzre.com

Council Update

Besides the Euro 2012, I guess the most happening event for the month of June would be the release of the Consultation Paper on Review on Risk-Based Capital Framework of Insurers in Singapore ("RBC 2 Review") by the Monetary Authority of Singapore (MAS). Since its release on 22 June, many interested parties including insurance companies, consulting firms and insurance associations in Singapore have been working hard to review the paper. The SAS is looking to form a dedicated RBC 2 taskforce to collate joint responses to the MAS. The taskforce would possibly combine resources from both life and general insurance committee and other interested SAS members. More information would be provided shortly.

Raymond Cheung

The SAS will be hosting the Joint Regional Seminar in Singapore on 26th and 27th July. This event is jointly organized by the Faculty & Institute of Actuaries, Institute of Actuaries of Australia and Society of Actuaries at locations around Asia. The theme for this year is "Product Development - Going Beyond the Numbers". Members who are interested to sign up please refer to the SAS website for more information.

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.



Committee Reports

• Retirement Committee



The Retirement Conference 2012, jointly sponsored by the Singapore Actuarial Society and the Life Insurance Association of Singapore was held on 12th and 13th April 2012.

The conference was a great success, attracting more than 100 participants and bringing a focus to this very important issue. We are also very pleased that the conference attendees were engaged in discussion during the event and generated a significant number of new ideas for future consideration and development.

As an incentive for participation, the organizing committee offered a prize of an iPad to the individual

who submitted the “best idea to improve retirement security in Singapore”.

From the long list of ideas submitted at the conference, the Retirement Committee selected Mr. Pardha Viswanadha and his ideas on longevity risk transfer as the winner of the iPad. The picture shows Pardha receiving his prize from some of the members at the committee meeting on 8th June.

The Retirement Committee will pursue a number of the great ideas raised at the conference. We will be setting up working groups to analyze and discuss these ideas in the next year and will report on the findings of these working groups in future months.

Keith Walter

• PR Committee

Wine Appreciation:

We are pleased to announce there will be a wine appreciation event for SAS members on Friday 27th

July at Wine BOS Lounge & Bistro located at 787 Northbridge Road. Register online at <http://www.actuaries.org.sg/?q=node/4288>.

Joey Zhou

• GI Committee

The beginning on June saw the 4th GI conference organised by the SAS and thanks to you all for helping making it such a success. With over 130 attendees over the 2 days the conference continues to grow in size and relevance to the region. The feedback from the attendees was also very positive with 100% agreeing (or strongly agreeing) that the content is relevant and interesting and 96% agreed that the quality

of the content met their expectations. Also 96% agreed that there was a sufficient variety of topics offered in the conference. I'd like to thank my committee members for organising such a well-regarded conference with 98% of attendees agreeing or strongly agreeing that the conference was well organised.

Outputs from the conference include:



- Ideas for new working parties (eg Calculation of PRAD margins?) and interest in joining existing working parties
- A very favourable response to the working parties from this year with many attendees enjoying the break from consultant presentations and enjoying the experience of being part of an industry group.
- Renewed vigour to hold a conference again next year that is better again.

A final comment from the conference should be a thanks to Swiss Re for sponsoring the prize for the 'Best Paper' again this year which was awarded to Roshan Perera from NMG on his paper 'Developments

Matthew Maguire

• **Life Committee**

Life Conference

This year, we are injecting a new life into our usual Nov AA symposium! We are currently planning for a Life Conference. The conference aims to target a wider audience base and will likely to be a 2 day event. A sub-committee has been assembled and we are brainstorming ideas for this event. Your suggestions are very much appreciated so please feel free to let us have your ideas.

RBC2

Koo Chung Chang

in Motor Insurance'. With 91% rating his content Good or Excellent and 94% rating his delivery the same he managed to just edge out a crowded field of excellent presentations. Thanks again to all the presenters and I look forward to seeing the proposals for presentations for next year.

In non-conference related matters, the second half of the year looks busy for the GI industry and the GI committee. With a number of guidance papers to be written (Liability reserving, Stress Tests) and comments to be made on RBC it seems the lead-up to the year-end will be busy.

The MAS has recently issued a consultation paper on RBC2. It will be an important topic for the committee. We will initiate discussions for our members and will provide collective feedback from the SAS.

Actuary Induction Pack

The induction course for appointed actuaries has been updated.

Thank you.



New Members

Fellow Membership:

Danny QUANT, *Milliman Ltd*

Anthony Philip NEWMAN, *LMG Insurance Co, Thailand*

Therese Tighe JONES, *Pacific Life Re*

Associate Membership:

BOULLIUNG Frederic, *Partner Re*

Alvin SOH, *Tokio Marine Life Singapore*

Ordinary Membership:

HUANG Kai, *Swiss Re*

LEE Weng Kong John, *AIA Singapore*

Fenny LOW, *Tokio Marine Life Insurance*

News & Articles

• General News

S'pore's rising rich inadequately insured: UOB

Today Online, 2 July 2012

Many of the Republic's rising rich are inadequately insured, unnecessarily exposing themselves to financial risk.

According to a research by UOB Wealth Banking, one in four of Singapore's growing affluent does not have insurance, while one in two are underinsured by industry standards, and only 22 per cent are adequately covered.

UOB Managing Director and head of sales and distribution James Phoen said in a statement that apart from having insurance, the "coverage needs to match the increasing wealth." This way, living standards can be maintained if the unexpected happens.

However, he added, not many of the insured increase their coverage as their income rises.

An adequate insurance coverage should equal the sum of a person's annual salary multiplied by 11. For

example, a person earning S\$42,000 per annum should be insured for at least S\$462,000.

UOB observed that those who purchase insurance are opting for endowment plans with shorter premium terms of about 5 years, some of which offer a cash back or annual payout option.

These plans are popular with young professionals seeking disciplined savings options and medium-term returns on their investment, so they can fund their children's education or their own retirement.

Apart from growing savings, Mr Phoen said consumers should consider adding more comprehensive health insurance for old age.

Singapore has a quarter of a million strong rising rich, whose assets under management are between S\$100,000 and S\$350,000.

Aetna Granted Singapore Insurance License

Business Wire, 12 June 2012

Aetna, a leading global diversified health care benefits company, announced today that it has received a license to begin selling health insurance in Singapore.

Aetna is now marketing health policies for groups and individuals in Singapore.



"We're very pleased to offer our insurance products in Singapore," said Derek Goldberg, Aetna International's managing director for Southeast Asia. "Singapore is a very attractive market for Aetna. It has a vibrant, growing economy and a large number of expatriates and local residents who may need global or regional health care coverage."

In addition, Singapore is the perfect regional hub from which to develop further business opportunities in Southeast Asia, Goldberg noted.

Upon receiving the license, Aetna introduced its flagship International Healthcare Plan (IHP) to the Singapore market. IHP provides comprehensive health benefits aimed primarily at customers who travel extensively or live outside of their country of origin. In addition, a new Aetna benefits product, Aetna Healthy Aessentials, made its debut in Singapore ahead of a

planned worldwide roll-out. The new health plan is targeted to customers who require regional coverage, and fills a market gap between existing local plans and high-end global plans like IHP.

According to Michael Elliott, general manager for Aetna's Asia-Pacific region, Aetna's entry into Singapore demonstrates the company's commitment to growing its business in the region. "Aetna aims to be the global leader in empowering people to live healthier lives. By leveraging our 158 year history and experience as a global leader in health care, we believe we have a lot to offer to the Singapore and Southeast Asian markets in terms of product and service innovation."

Elliott added that Aetna also will offer technology-enabled health management services in Singapore and regionally.

Singapore in Good Stead to Lead APAC's Insurance Industry Research

PRWeb, 27 June 2012

On the back of the recently concluded Insurance Risk and Research Conference, Singapore company registration specialist Rikvin is confident that insurers in Asia Pacific are in good stead to tap growth opportunities in the industry. Additionally, they are well-positioned to move up the value chain by leading the region in insurance risk research.

As conveyed by the Monetary Authority of Singapore's Assistant Managing Director Ng Nam, the increasing affluence coupled with rising population growth in the Asia Pacific presents multiple opportunities for insurers.

As home to 156 registered insurers, Singapore is a leading insurance center in the Asia Pacific region. This in turn positions Singapore favorably as a center for insurance risk research in Asia Pacific.

Between 2005 and 2010, gross premiums (ex-Japan) have increased by about 16% per annum. Additionally, data from Swiss Re shows that life insurance premium in Asia is set to grow by 4.4% in real terms this year. China and India are expected to demonstrate the largest growth in developing Asia by 11% and 7.5% growth respectively.

In developed Asia, Hong Kong, Australia, Korea and Singapore lead the pack for life insurance premium growth rates. However, non-life insurance premiums

are not expected to grow as robustly, given the modest growth forecast amidst the Euro debt crisis.

Mr. Satish Bakhda, Rikvin's Head of Operations said, "In order to tap and broaden growth opportunities in the region, especially in non-life insurance premiums, a sound understanding of the market and its evolving risks are critical to the success of insurers that have chosen to form a Singapore company and use the republic as a springboard to proximal markets."

"Other than offering insurance products, firms can move up the value chain and tap the resources offered in Singapore to contribute to research efforts that would advance the risk management offerings sought by Asian businesses," added Mr. Bakhda.

To date, one of salient partnerships to advance insurance research in the region is the Insurance Risk and Finance Research Center (IRFRC) – a partnership between Nanyang Business School (NBS) and global reinsurer SCOR.

The three major risks that insurers can contribute to are 1) catastrophes, 2) longer lifespan trends in Asia and 3) macroeconomic and systemic risks in the region.

CATASTROPHE RISK IN ASIA

Catastrophes or natural disasters such as the Japan March 2011 and New Zealand's February 2011



earthquakes as well as the October 2011 Bangkok floods registered insured losses between US\$14 billion to US\$35 billion each.

LONGEVITY RISK

The Asia Pacific region faces longevity risks due to longer life spans and an increasing silvering population. In Singapore alone, the proportion of senior citizens is 1:10 in 2012. The growth rate of the silvering population is expected to crawl 6% per annum until 2020.

MACROECONOMIC AND SYSTEMIC RISK

Companies are facing increased risks in recent years due to increasingly complex business environments,

financial volatility, rapid technological advances and significant regulatory changes. For example, changes pertaining to Singapore tax structure, work visas or fiscal policies are changing the way business are functioning in the republic.

“Should research activity gain traction, Singapore could attract more firms to contribute to high quality intel that benefits not only the insurance industry, but the business community as a whole. This in turn positions Singapore not only as a center for thought leadership on Asian risk and risk management, but a high-value added business ecosystem,” affirmed Mr. Bakhda.

Insurance giants jostle for slice of Southeast Asia market

Reuters, 19 June 2012

The race to win a bigger slice of Southeast Asia's insurance market is heating up as AIA Group, Manulife and Prudential PLC compete for mid-size acquisitions in the region totalling up to \$1 billion, sources said.

The three insurance groups as well as France's AXA and Canada's Sun Life have submitted initial bids for the Malaysian life insurance joint venture between CIMB Group and Aviva, a deal estimated to be worth at least \$400 million, the sources, who had direct knowledge of the matter, said.

The moves come against the backdrop of a \$7 billion auction for ING's Asian insurance business as some foreign insurers exit the region to focus on their core markets, while some larger ones and new entrants try to gain bigger exposure to Asia.

"Many of the recent opportunities have been driven by distressed sellers, whether because of government bailouts, the impact of Basel III or lack of focus and investment resulting in underperformance," said Anna Tipping, a partner at law firm Norton Rose, who specialises in insurance.

AIA and Manulife are also in the running for ING's Asian insurance business, while Prudential is seen as a strong contender to buy Thai Thanachart Bank Pcl's insurance operations in a deal worth about \$500 million, sources have said.

The fundamentals appear compelling. Life insurance premiums in emerging Asia are forecast to grow 9.6 percent this year and 8.7 percent next year, compared with the world average of 3.1 percent and 3.7 percent in the two years, respectively, according to estimates by Swiss Re.

That projected growth comes after the life insurance market grew 15.4 percent annually over the last 10 years, far exceeding the global growth rate of 5.7 percent per annum over that period, according to estimates by Credit Suisse late last year.

And Southeast Asia accounts for less than 0.25 percent of the world's insurance market share, according to research by Norton Rose, with insurance penetration low in Indonesia, Malaysia and Thailand.

INDONESIAN ATTRACTION

Easy foreign ownership rules are also creating greater interest for foreign insurers, analysts said. Malaysia allows foreign insurers to take as much as 70 percent stake in domestic insurers, while foreign insurers can buy up to 80 percent of an Indonesian insurer.

Indonesia, which has a life insurance penetration of only 1.3 percent, is attracting interest from foreign players including Swiss, Japanese and Korean insurers.



Indonesia's capital market regulator Bapepam-LK has said it will not change foreign ownership cap norms in the insurance sector despite the central bank's planned move to cap ownership in banks at maximum 40 percent.

"We see tremendous interest from many foreign investors, even from U.S. pension funds who are keen to invest in the sector given the current regulatory situation and the underpenetrated market," said Julian Noor, executive director at the Indonesian General Insurance Association.

Last year Japan's largest property and casualty insurer, MS&AD, bought a 50 pct stake in PT Asuransi Jiwa Sinarmas, the life insurance unit of Indonesian conglomerate Sinar Mas, for about 67 billion yen (\$825 million) at a record valuation of around 5 times book value.

PT Panin Financial, controlled by Indonesia's powerful financier Gunawan family, is also planning to sell up to a 40 percent stake in its life insurance business in a deal worth about \$200 million that is attracting Japanese bidders, sources told Reuters earlier this year.

The new entrants will be competing against industry leader Prudential, whose domestic Indonesian unit recorded a total premium income of 14.8 trillion rupiah (\$1.57 billion) in 2011 - a 47 percent increase from the previous year. It had 1.4 million policy holders in the country.

MALAYSIA SHAKE-UP

The auction of the Aviva-CIMB business in Malaysia comes after Britain's second-biggest insurer laid out plans last month to exit non-core markets, a strategy

aimed in part at raising money to protect against its euro zone exposure.

Aviva is selling its 49 percent in the Malaysian joint venture, while CIMB could sell a significant portion of its 51 percent stake, the sources told Reuters.

The auction is being handled by Morgan Stanley and CIMB, the sources said. The initial bids are of a non-binding nature. "They will come back to the bidders in a week or so," said one of the sources.

The shake-up will help the new buyer control the destiny of the joint venture in a market where life and non-life premiums grew 5.4 percent in 2011 to \$10.7 billion, according to central bank data. According to Swiss Re, life insurance premiums are forecast to grow 5.3 percent this year.

A successful sale will also heighten competition between the foreign companies and domestic players such as Great Eastern, which enjoys a leadership position in Singapore and Malaysia.

Aviva entered Malaysia in June 2007 by investing 500 million ringgit in the insurance joint venture with CIMB, according to CIMB's website.

AIA, Aviva, AXA, CIMB, Manulife, Morgan Stanley and Prudential declined to comment. Sun Life, which has an insurance partnership with CIMB in Indonesia, said it is focused on growing its business in Asia both organically and through acquisitions, but declined to comment on this transaction.

The sources declined to be named because the details of the bidding process are not public. (\$1 = 9425.0000 Indonesian rupiahs)





Interview of the Month: Chi Cheng Hock

How would your friends describe you?

I think that this is a question best answered by my friends. I can only hope that “generous” and “considerate” will be among the adjectives they use!

Why did you become an actuary?

While waiting for my “O” level school examination results, I was pondering my future. At that time, in the mid-1970’s, for a boy of 17 years of age in a small town in Malaysia, the universe was rather limited. You aimed to be a doctor, a lawyer, an engineer or an accountant. Fortunately, for me, my school career adviser was a well-read and highly knowledgeable person. He introduced me to the then rather unknown professions like computing and actuarial science. The actuarial profession intrigued me. I wrote in to the Institute and Faculty of Actuaries, and to the Society of Actuaries for more information, and, liking what I read, set my mind on becoming an actuary, and chose my “A” level subjects accordingly. When a neighbour found out about my decision, she asked me why I wanted to be an “insurance clerk”! I am glad to say that the actuarial profession is better understood, even back in my hometown!



What is your current role?

I am currently free-lancing, writing textbooks on life insurance practice in Singapore.

What do you enjoy most about your job/role?

After more than 25 years’ experience working in a wide variety of positions in life insurance firms – which included the traditional actuarial roles, marketing, business management running two different profit centres, IT system development and as a director of a foreign subsidiary – I was glad for the opportunity to share this experience and the knowledge gained with young people coming into the industry. I have always enjoyed writing but conducting research to fill in the gaps in my own knowledge base and structuring the text to communicate this knowledge effectively was a challenge which was invigorating. I also tried to convey to the reader the value of life insurance and the rationale for life insurers to be organised as they are, which is largely to manage the risks to which life insurers are exposed. I would not say that I had written the definitive books on the subject of the practice of life insurance in Singapore, but I hope that they serve to fill a void on this subject. I look forward to these books being improved, either by myself or by others.

What do you dislike most about your job/role?

Rushing to meet deadlines! However, I think that I have learnt how to organise my work, to be better able to meet them in the future. Basically, I have to rein in my enthusiasm. At times, I get carried away with the writing and pour more information into the book than I probably need to! While it is useful to share as much knowledge as you can, you have to clear about the parameters within which you work the needs of the audience.

What motivates you?

At work, it is always the opportunity to add value. I was, and I still am, particularly interested in projects which create products which meet needs not yet met effectively. When I say “products”, I am using the term in its widest sense. In my own professional experience, they include new and innovative insurance plans for consumers; more effective ways of organising work in the office, application of more insightful actuarial and financial management techniques, and development of better-grounded life insurance industry practitioners (which is where I feel that my current role adds value).



What do you do to relax out of office?

As I am free-lancing now, I am “out of office” all the time! Actually, I discovered that writing is a 7 days a week job (although not quite 24/7, thankfully!) and I am “in office” at any time.

When I am not writing or thinking about the writing, I spend time with family members, on reading (favourites being the Economist and National Geographic magazines) and watching sports on TV. I used to play a variety of sports and try to keep fit through yoga practice and by running (but not for long distances – my wonky knees do not allow me to!). Some days, I take very long walks, which help me think things through. When I run or walk, I try to be as fully aware of my surrounding as I can, and so I do not bring along any listening devices.

What is the greatest risk you have ever taken?

Professionally, I cannot think of the “big one”. Like everyone else, I took risks whenever I made decisions which involved uncertainty, including that which started me on the path to becoming an actuary. For each decision, the risk always appears big at the time. As the risk is managed progressively, it becomes less daunting over time. The risk had not shrunk but you become more confident about handling it, and being able to mitigate potential losses.

If you were not an actuary now, what would you most likely be doing?

This is a difficult question. I had, and I still have, a wide range of interests and it was not the case of choosing to be an actuary over another specific career. Playing “what if” games can be fun but are largely meaningless unless you actually act on a “what if” scenario. I suppose that if I had the breadth of knowledge that I have now and complete freedom of choice, I might have chosen a profession which explored the human condition. For example, anthropology, the study of how human societies developed and is developing, intrigues me.

If the world ends tomorrow, what would be doing today?

I know that this is a cliché, but I will have to say “spend time with the family”.

Any advice for aspiring actuaries?

Be as sure as you can that this is the profession which suits you well, in temperament and in technical ability. You should be able to see yourself playing a useful role in providing financial security to the common people. You must always keep in mind that an actuary is a professional, on whose advice many people rely, directly and indirectly. While keeping up-to-date with the latest techniques is important, knowing how to use those techniques to help others make the best decisions they possibly can is equally important. Needless to say, you should always act with integrity. I also urge all young actuaries to see beyond being just applied scientists or business professionals. The actuarial profession requires that its members use all the available known information and in the best way possible to formulate their advice. Each actuary should see himself or herself as an agent for widening that field of knowledge. I look forward to actuaries in Singapore getting more involved in research, whether big or small in reach. Every little bit advances the profession and its value to society.



Brainteasers

#1

What are the next two pairs of letters below?

SO, ND, JF, MA, ??, ??

#2

Use four 9's in a math equation that equals 100.

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

Tom took the bun, John took the apple, Pat took the sweets and Mary took the eggs.

#2

The father is 72, the son is 42, and the grandson is 6 years old.