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## Editorial

It has been a quieter few weeks for some with summer holidays. I myself have been delighted to witness some of the Olympics and to see a country embracing the event in the fullest. It was good to see Singapore win a bronze medal, which is something to be very proud of.

It is good to see so many people contributing to the RBC task force. We are holding a meeting on Friday 17 August (tomorrow) to discuss the MAS consultation paper and this is one of the few events that will truly combine life and non-life disciplines. Please try to attend. We are expecting a large group. It will be an opportunity to contribute or to learn about the proposals in more detail. We have booked a large room in anticipation of good attendance.

**Richard Holloway**

## Message from the President

So much for the quiet days of summer. RBC2 fever has gripped the SAS, with three sub-committees (Life, GI and ERM) working on it. I'm quite excited and proud that SAS will be formally responding to MAS on this important matter.

What is the SAS to you? Is it solely a CPD provider and occasional social event? Or are you more passionate about it? What should the SAS be doing? Should we be commenting publically in the newspaper on RBC2 and the impact to the industry? Or should we stay quiet? I'm organizing a small task force to examine the vision and mission statement of the SAS to answer these questions. Even if you can't volunteer on the committee, then please participate in the larger discussion, whether it be a survey, a forum or other venue. More details will come forth in the coming months.

**Jill Hoffman**



## Upcoming Events

Date	Event	Location	Contact
17 <sup>th</sup> Aug	SAS Afternoon Talk: RBC 2 Task Force	Singapore Management University	Raymond Cheung: <a href="mailto:secretary@actuaries.org.sg">secretary@actuaries.org.sg</a>
27 <sup>th</sup> – 29 <sup>th</sup> Aug	International Financial Reporting for Insurers Seminar	InterContinental Grand Stanford, Hong Kong	SOA: <a href="http://www.soa.org/Professional-Development/Event-Calendar/International-Financial-Reporting-for-Insurers.aspx">http://www.soa.org/Professional-Development/Event-Calendar/International-Financial-Reporting-for-Insurers.aspx</a>
14 <sup>th</sup> Sep	Actuarial Networking Night 2012	Singapore Management Uni, Ngee Ann Kongsi Auditorium, 7 – 9pm	Pei Ting: <a href="mailto:paperslits@hotmail.com">paperslits@hotmail.com</a>
17 <sup>th</sup> – 18 <sup>th</sup> Sep	1 <sup>st</sup> Middle East Life & Family Takaful Summit	Dusit Thani Hotel, Dubai	Loga: <a href="mailto:loga@meinsurancereview.com">loga@meinsurancereview.com</a>
26 <sup>th</sup> – 28 <sup>th</sup> Sep	2012 Reinsurance Rendezvous Australia	Crowne Plaza, Lovedale NSW, AU	<a href="http://www.theinstitute.com.au">www.theinstitute.com.au</a>
9 <sup>th</sup> – 10 <sup>th</sup> Oct	6 <sup>th</sup> Middle East Healthcare Insurance Conference	Pullman Mall, Dubai	Michelle: <a href="mailto:michelle@asiainsurancereview.com">michelle@asiainsurancereview.com</a>
15 <sup>th</sup> – 16 <sup>th</sup> Oct	8 <sup>th</sup> Asia Conference on Pensions and Retirement Planning	Regal Hotel, Hong Kong	Loga: <a href="mailto:loga@meinsurancereview.com">loga@meinsurancereview.com</a>
17 <sup>th</sup> – 18 <sup>th</sup> Oct	1 <sup>st</sup> Asia Investment Conference	Regal Hotel, Hong Kong	Wee Ling: <a href="mailto:weeling@asiainsurancereview.com">weeling@asiainsurancereview.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

On 22 June, the Monetary Authority of Singapore (MAS) issued a consultation paper entitled Review on Risk-Based Capital Framework for Insurers in Singapore (the RBC 2 Review). The SAS has formed a RBC 2 special taskforce to review the consultation paper and to present comments and recommendations to MAS. The taskforce comprises of three subgroups with representatives from the Life, Non-Life, and Enterprise Risk Management (ERM) practices. I would like to thank all the volunteers who have contributed in the taskforce and/or the sub-groups as well as SAS members who have provided their feedbacks. On 17th

August, the taskforce will present the consolidated comments of the RBC 2 consultation paper with our members before submission to the MAS.

Lastly, I would like to wish Singapore and all fellow Singaporeans a happy 47th National Day!

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.

**Raymond Cheung**



## **Committee Reports**

### **• Health Committee**

#### **Health Insurance Committee Welcomes a New Member!**

The Health Insurance Committee welcomes another new member, Koh Zhee Chong, who will join Gideon Tan and Samuel Tan in developing a paper on

managed care arrangements which may be suitable for Singapore.

**Chi Cheng Hock**

### **• PR Committee**

The SAS had its first wine appreciation event on Friday 27th July. Close to 40 members and guests attended this event. During the event, members learnt and appreciated the finer points on enjoying wines. Just to name a few: basic wine etiquette, wine history, difference between red & white wine & champagne,

appreciation techniques of wines through the colour, nose, taste, and ways of tasting them, types of grape varietal, etc. It was a successful and fun event. There were many positive feedbacks from members and guests. Please keep an eye on the future events.



**Joey Zhou**

### **• Life Committee**

#### **Life Conference**

The organizing committee for the event is currently exchanging ideas to lay out the topics and to invite speakers for the Life Conference. Do share with us if you have ideas on any insightful topic to include in the agenda. At the same time, the committee is sourcing for the most appropriate venue to hold the event.

**Koo Chung Chang**

#### **RBC2**

The Life sub-committee has gathered to discuss on the proposals under RBC2. The views of the members have been consolidated and shared with SAS taskforce for RBC2. The taskforce will eventually provide a collective feedback from the various sub committees and members to MAS by the stipulated deadline.



## New Members

### **Fellow Membership:**

Chuan CAO, *Starr International Insurance*  
HAN Yu, *Manulife Singapore (Upgrade from Ordinary)*

### **Associate Membership:**

LIM Jun Hong, *Great Eastern Life (Upgrade from Ordinary)*

### **Ordinary Membership:**

CHONG Yuen Loo, *Great Eastern Life*  
CHIA Kang Chiat, *Asia Reinsurance Brokers*  
LEONG Shu Yun Angelynn, *NTUC Income Insurance*  
TAN Yue Li, *Great Eastern Life*  
LIM Wei Jian, *Great Eastern Life*

## News & Articles

### • General News

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#### *Banks turn to credit insurance in Asian market*

Post Online, 11 July 2012

European banks operating in emerging markets are increasingly using structured credit insurance as a way of remaining active in Asian trade finance market and deleveraging their trade finance portfolios

A new report published by Marsh, Eurozone Crisis Threatens Asian Trade Finance Capacity, said that banks have a significantly reduced appetite for financing trade-related deals in emerging markets, but are using structured trade credit insurance to remain active in these markets.

Structured trade credit insurance covers the risk of non-payment from a buyer for goods and services or a borrower for trade-related loans.

It covers transactions with a credit risk exposure of between one to seven years, and many European jurisdictions allow banks to count it as Tier 1 regulatory capital under Basel III rules that provide capital relief for banks.

Richard Green, Asia leader for Marsh's political risk and structured trade credit practice, said: "European banks face a choice in Asia: significantly reduce their trade finance business or use structured trade credit

insurance to remain active in trade-related financing but with reduced levels of exposure.

"Emerging markets are heavily reliant on trade financing, especially at a time when imports are critical and exports can generate much-needed foreign exchange.

"In Asia, Marsh has placed around \$450m in insurance limits in the first half of 2012, compared with \$85m for the same period last year - a 425% increase.

"The majority of transactions have been large commodity-based transactions and shipments, such as the import or export of crude oil, liquefied natural gas, palm oil and coal."

Marsh recently brokered a new \$532m trade credit policy, underwritten by nine leading insurers, for the International Finance Corporation, a member of the World Bank Group.

This enabled the IFC to expand capacity under its global trade finance programme, which guarantees emerging market trade transactions.



### *Health Minister on MediShield enhancements*

Channel News Asia, 22 July 2012

Health Minister Gan Kim Yong has stressed the importance of insurance in a country's healthcare financing.

He said the government wants to encourage lower-income families to be covered by its insurance scheme, MediShield.

Mr Gan said this in response to questions from reporters, on his ministry's plan to provide wider coverage from the first quarter of next year.

He said it has to calibrate MediShield enhancements very carefully, including extending coverage for congenital and neo-natal conditions.

"We also are concerned that, whether by introducing this additional insurance, we will actually increase the cost of treatment. Because once it is covered by insurance, parents and doctors may pursue more expensive treatment and overall, this may raise the cost of healthcare for children in Singapore," said Mr Gan.

"We need to calibrate it so that there is a balance between benefits covered by the insurance, as well as the cost of the insurance premium, to ensure that the benefits remain relevant and effective and at the same time, the premium remains affordable," he added.

Mr Gan was speaking to the media at the end of his Ministerial walkabout to the Bukit Timah division of the Holland-Bukit Timah GRC.

With the enhancements, patients will be able to claim more - up to S\$70,000 for their hospital bills annually, compared with the current S\$50,000.

The lifetime limit will be increased from S\$200,000 to S\$300,000 to help policyholders who face exceptionally large bills, such as undergoing multiple surgeries after an accident.

The Health Ministry said MediShield deductibles will also be adjusted accordingly, as medical bills have become more expensive over the years.

With the extended coverage and payouts, MediShield premiums will have to be raised.

But the Health Ministry said for the vast majority of policyholders, the increase in premiums will be less than S\$10 a month.

And with the additional government support given at this year's Budget, Singaporeans aged 65 and below will have to fork out no more than S\$5 per month in the next two years.

For the elderly, their premiums will be largely offset by the annual and one-time Medisave top-ups.

They will, in fact, see a decrease in premiums payable.

### *Longevity a major planning risk that few clients understand*

Investment News, 31 July 2012

Despite increasing life expectancy in the U.S., more than half of retirees and pre-retirees underestimate how long they may live, according to a new survey from the Society of Actuaries (SOA). A separate report released by the Insured Retirement Industry (IRI) on Tuesday noted that women are particularly at risk for outliving their savings. The implications for adequate retirement planning—and financial advisers—are enormous.

"There is a general misunderstanding of what 'average life expectancy' means," said Cindy Levering, an actuary and retirement expert. "When people are told

they will live to an age such as 80 or 85, they don't realize that this means there is a 50 percent chance that they could live past that age." Commenting on the results of the SOA's telephone survey of 1,600 adults between the ages of 45 and 80, Levering noted that "underestimation of life expectancy, combined with having too short of a planning horizon, can result in inadequate funds for retirement needs."

In the past 50 years, life expectancy for newborn American men improved by an average of almost two years each decade, from 66.6 years in 1960 to 75.7



years by 2010. For women, the average increase was about 1.5 years per decade, from 73.1 years in 1960 to 80.8 years by 2010. Men have a 40 percent chance--and women have more than a 50 percent chance--of living to age 85, assuming they reach age 65 and are in average health.

“Underestimation of life expectancy increases the chances that retirees and pre-retirees will exhaust all resources other than Social Security,” Levering said. “While purchasing life annuities is not an absolute guarantee, it is one strategy to reduce the risk of outliving financial resources.”

Women at greater risk

A separate study released by the IRI on Tuesday showed that women face unique retirement income challenges due to their longer life expectancies, lower lifetime incomes and higher health care costs in retirement, including long-term care expenses.

Many women also leave the workforce, at least temporarily, to care for children or elderly family members, reducing their opportunity to save for retirement. In 2011, the average defined contribution account balance for a woman was just \$59,104 compared with \$94,063 for a man, according to Vanguard’s annual report How America Saves 2012

Outliving their assets is one of the top three concerns for women in retirement, along with market volatility and health care costs, according to recent IRI research. When asked what is the one most important trait of a retirement investment product, 18% of women in the telephone survey of recent retirees conducted in March 2012 said monthly guaranteed income and 17% said one recommended by their financial adviser.

Yet more than half of the women in the IRI survey said they have not consulted a financial adviser. It seems like an enormous opportunity for advisers to educate current and prospective female clients on retirement income strategies and solutions.

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**A-P's Life Insurance Market Faces A Challenging 2012**

Reuters, 2 July 2012

Key life insurance markets in Asia Pacific are facing challenges associated with weakening or slowing economic conditions and volatility in investment markets. Standard & Poor's Ratings Services sees these economic and investment market factors adversely affecting growth momentum, weakening capitalization and hampering earning prospects to varying degrees in the region. Our expectation is such that our stable credit outlook for the Asia-Pacific life insurance sector is moving towards a negative bias. That's according to a report titled, "Asia-Pacific's Life Insurance Market Faces a Challenging Outlook For 2012" that the rating agency published today.

"We have revised to negative from stable the outlook on the life insurance sectors in China and Taiwan, and maintained the existing negative outlook on the life

sector in Japan" said Standard & Poor's credit analyst, Michael Vine. In the same vein, we have revised to stable from positive the outlook on the life sector in Korea, and maintained our stable outlooks on remaining life sectors covered in the region--on the basis of ongoing growth prospects and supportive capitalization in those markets.

The move to a negative outlook reflects weakening capitalization and projected lower growth in the short term for China's life sector, while for Taiwan's life sector, pressure on capitalization and growth as well as exposure to investment market volatility. Japan's life sector outlook remains negative for economic and sovereign rating issues, although the sector's fundamentals are stable with moderate premium growth expected.



## **Interview of the Month: Andrew Linfoot**

### **How would your friends describe you?**

Good question – I'd hope words like loyal, reliable and not too serious are used, but I can also be competitive and overly rational.

### **Why did you become an actuary?**

It offered an opportunity to pursue my interest in business and competence with numbers, as well as the chance to be a part of a profession. I was fortunate enough to be studying at a time when actuarial students were in high demand, which eased the burden somewhat. In hindsight, it's offered me a great path into a senior management role while keeping in touch with a technical discipline.

### **What is your current role?**

I'm the head of Pacific Life Re's Asia Pacific business and Principal Officer of its Singapore Branch.

### **What do you enjoy most about your job/role?**

Leading a talented group of motivated individuals is a joy and a privilege which inspires me on a daily basis. Using my technical skills to help our clients sell a better product, improve their terms or reach a new customer segment is extremely satisfying.

### **What do you dislike most about your job/role?**

To consistently produce quality work and comply with our regulatory environment requires good processes and documentation. Time spent on these tasks is important, but it seems to mean less time available for working with customers.

### **What motivates you?**

My biggest motivation is my family, and the desire to provide a financial security and comfortable future. To be able to help my colleagues provide security for their own families is also very powerful. To continue with the theme – the service that our business provides is ultimately about helping families protect their own future, through provision of protection against life's uncertainties.

### **What do you do to relax out of office?**

My favourite form of stress relief is playing with my kids (at least when they're in a good mood!) Otherwise I find running and cycling to be cleansing for the mind. I also enjoy learning about new things as well as building stuff.

### **What is the greatest risk you have ever taken?**

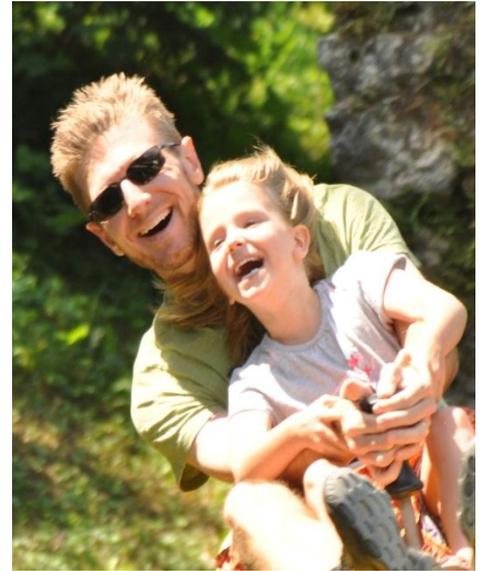
I agreed to be the dinner speaker at the annual dinner for Actuaries Institute Australia (as it's now known). I had to quickly say yes before my rational brain could take over and talk me out of it. Fortunately I had a great time doing it, and the audience was very generous.

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

I was accepted into a business information technology course that could have seen me become an internet mogul - either that or a washed up hacker living off Y2K consulting fees.

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

I'd be trying every expensive wine that I'm unlikely to ever buy.





### Any advice for aspiring actuaries?

- Think hard and question what you don't understand. Don't rest until you do – you're intelligent enough to understand most things you'll encounter.
- Don't give a long answer when a short one will do. A crisp, concise executive summary will get read, whereas a rambling report is unlikely to.
- Bullet points are underrated!

## **Brainteasers**

#1

Find a word that begins with R and with the addition of the letter A gives another word that sounds the same

#2

How many legs does an elephant have if you call its trunk a leg?

*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

MJ, JA. They are the first letters of the months..

#2

$99 + (9/9) = 100.$