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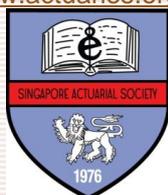
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Editorial.

A very Happy New Year to everyone. This year promises to be as busy as 2012, both for the SAS but also in the insurance industry in which I work. As I write this, the long awaited conclusions from the MAS FAIR review are imminent and are indicative of the many changes and challenges we can expect in 2013, and which will have an impact on the environment in which we work.

The SAS continues to thrive and grow. To support this growth, Jill has started a project, working with the Council to help clarify and develop a formal vision and road map for the SAS. A key part of this process is to gather views from members on how they currently perceive the SAS and the services that it offers. Recently you should all have received an invitation to complete a survey and I would encourage you all to do so. The views of members will be important in helping to shape the future direction of the SAS. The survey should not take more than 5 minutes to complete.

I wish everyone a fulfilling 2013, and we look forward to your continuing contributions to the success of the SAS.

Richard Holloway

Message from the President

Happy New Year! I hope that 2013 brings health and happiness to you and your family. The new year is always a time for reflection on the past, and the SAS has a lot to be proud of. We have crossed the 600 member threshold, held conferences in all the major practice areas (life, non-life, health and retirement), numerous educational opportunities, responses to MAS papers and innovative social events. 2013 is expected to be another exciting year, with the EAAC in October. But the EAAC will not be all that is going on, we are in talks with people to bring you new learning experiences and continue to grow your career. We also will be working on the response to RBC2 and other developments as they happen.

As a gentle reminder, please remember that CPD and subscriptions are due. I hope that you find, as I do, that it's money well spent.

Happy New Year!

Jill Hoffman



Upcoming Events

Date	Event	Location	Contact
21 st – 23 th Jan	India Rendezvous	Mumbai, India	Asia Insurance Review http://www.asiainsurancereview.com
22 nd Jan – 5 th Feb	SOA Global ERM Webcast	Online: http://www.soa.org/professional-development/event-calendar/global-erm-webcast/	Raymond Cheung: raymond.cheung@aig.com
31 st Jan	SAS Bowling Night http://www.actuaries.org.sg/node/3143?eventid=4649	Superbowl, Marina Square	Patsy: patsy@actuaries.org.sg
14 th – 15 th Feb	International Conference on Financial and Actuarial Sciences	Kuala Lumpur, Malaysia	WASET https://www.waset.org/
17 th - 19 th Feb	2013 AGFA & Global Conference of Actuaries	Hotel Grand Hyatt, Santa Cruz, Mumbai	IAA India: http://gca.actuariesindia.org/
20 th - 21 st May	Actuaries Summit	Hilton, Sydney	Actuaries Institute http://www.actuaries.asn.au/
17 th - 19 th Jun	Risk and Investment Conference 2013	The Grand, Brighton, UK	Georgina Jenkins georgina.jenkins@actuaries.org.uk
15 th – 18 th Oct	17 th East Asia Actuarial Conference	Resort World Sentosa	Wil Chong: Wil.chong@allianzre.com

Council Update

Have you paid your SAS membership subscription for 2013? There is still a few more days left before the early bird discount period ends on 18th January. Please make your payment to Patsy early to take advantage of the 10% discount.

For all SAS Fellows and Associates, this is also the time of the year to start filling up the Continuing Professional Development (CPD) for 2012. Please be reminded that you are required to complete a minimum of 20 hours of CPD records for each calendar year.

We welcome any feedback and suggestions on how we can serve you better in the SAS. Please email me at

Raymond Cheung

You may update the CPD hours via our SAS website. We look forward to receive all the updated CPD hours before our Annual General Meeting (AGM), which has been set on the 15 March. Please mark this date down in your calendar.

We look forward to an exciting 2013 as the SAS will be organising many conferences (including the East Asia Actuarial Conference in October), afternoon forums and social events for our members.

secretary@actuaries.org.sg or Patsy Lau, our Administrative Executive, at patsy@actuaries.org.sg for any SAS matters.



Advert

NANYANG TECHNOLOGICAL UNIVERSITY

Professional Attachment (PA)

Professional Attachment (PA) is compulsory for Year 2 Accountancy or Business students from Nanyang Business School (NBS) and Year 2 students doing a double degree in Accountancy and Business and Year 3 students doing a double degree in Business and Computer Science.

Students available for attachment are specialising in one of the following: Accountancy, Actuarial Science, Banking & Finance, Business Law, Human Resource Consulting, Information Technology, Marketing or Tourism & Hospitality Management. For the details of the undergraduates' course curriculum, please login to the School's website at the following urls:

- 1) <http://www.nbs.ntu.edu.sg/ProspectiveStudents/Undergrad/Pages/Home.aspx>
- 2) <http://www3.ntu.edu.sg/compbiz/>

HSS Professional Attachment Programme (HPAP)

HSS Professional Attachment Programme (HPAP) is offered as an elective subject for Year 3 students from the School of Humanities and Social Sciences (HSS) from the following programmes: Chinese, Economics, English, Psychology or Sociology, Linguistics and Multilingual Studies. The students will receive a Bachelor of Arts (Hons) degree at the end of a 4-year programme. For the details of the undergraduates' course curriculum, please login to the School's website at this url: <http://www3.ntu.edu.sg/hss/>.

The attachment period is a 10-week programme from 13 May to 20 July 2013 (10 weeks).

Timeline	Activity
End Sep 2012	Invitation to organisations
3 Dec 2012	Organisations to submit their proposed programmes to NTU via AIMS@NTU http://www.ntu.edu.sg/opawww/aims/ or using the softcopy forms
End Jan 2013	Students to select the organisations / programmes via student portal
Early Feb 2013	Organisations to shortlist students from online resumes via AIMS@NTU
18 Feb 2013	Organisations to provide a list of their shortlisted candidates to NTU
4 - 8 Mar 2013	Organisations to conduct interview with the shortlisted students
By 11 Mar 2013 (latest)	Organisations to provide names of their selected students to NTU
Early Apr 2013	NTU to inform organisations of the allocation results, if any, with the name of students assigned to them
End Apr 2013	1) NTU will provide organisations the name of the assigned NTU tutors to supervise the students on attachment 2) Organisations to provide NTU the reporting instructions (time for reporting and reporting officer name, working hours, attachment allowance, etc.)
22 Apr – 10 May 2013	Student Examination
13 May – 20 Jul (10 weeks)	Attachment of students to organisations

Application must be submitted to NTU by **late Jan 2013**.



Committee Reports

• GI Committee

A Happy New Year to you all and I trust those of you with Year End reports to complete are making good progress and that the light at the end of the tunnel is getting brighter. I also hope that light isn't a train and you do make it to the end of the month in one piece. For those lucky ones without year-end reports, I hope you had a good break and are ready for a fantastic new year.

To kick things off for the GI committee, we have had two working parties busy generating some guidance for actuaries in the following areas:

- Liability Reserving
- Stress Testing

The intention is to produce a Guidance Note on the Setting of Reserves in Statutory Valuations for GI Companies to replace the existing one that is looking a little old and a technical note on best practice for

Matthew Maguire

conducting the Stress Tests for GI companies. Both of these are nearing completion and will be distributed for a member review in the next week or so. Depending on the amount and detail of the comments received there will be discussion forum or consolidation of the comments for final ratification. So I urge you all to spend some time and look through the documents and please pass on any comments (anonymous or otherwise) so we can ensure the notes reflect as broad a perspective as possible.

Finally, the Committee intends to hold a conference again this year. This will be the 5th GI conference conducted by the SAS and we are hoping it will continue the trend of improvement in terms of numbers and quality we have seen each year since it started. A call for papers will be out shortly and so I look forward to receiving a broad range of high quality presentation ideas from the region.

New Members

Fellow Membership:

GOH Kok Yang, *NTUC Income (Upgrade)*

Ordinary Membership:

NG Chiew Yee, *(Upgrade)*

LIU Jiang, *Munich Re (Upgrade)*

ENG Pingni, *Ernst & Young (Upgrade)*

Student Membership:

YANG An, *Nanyang Technological University*

MAO Yuanzhi, *National University of Singapore*

LIU Yue, *Nanyang Technological University*

YANG Dichuan, *Nanyang Technological University*



News & Articles

• General News

Indonesia: Life insurers bet on middle class to spur growth

eDaily, 09 Jan 2013

The Chairman of the Association of Indonesian Life Insurance Companies (AAJI) has recognised the country's growing middle class to drive the thriving life sector. Mr Hendrisman Rahim notes that the country's growing middle class, which accounts for about 61% of the total population, or more than 140 million people, brings home an annual income of between IDR20.4 million (US\$2,110) and IDR65.6 million, reports the Jakarta Post, citing data from Bank Indonesia.

Mr Rahim adds: "They are the ones who have the need to be insured and can afford to purchase a policy. Extremely rich people are financially capable [of buying], but may not have the need. Extremely poor people have the need, but require financial assistance to be insured."

With the increasing number of middle-income people, the life sector expects to see 30% growth in total premium income in 2013 to IDR122.72 trillion.

Mr Hendrisman adds this leap would come from both traditional insurance products and unit-linked products, which combine insurance coverage and investment for policy holders.

"Traditional product will grow because more and more people realize the importance of having life insurance, while unit-linked products will grow because of people's higher investment needs. Each has its own market," Mr Hendrisman added.

Between January and September 2012, AAJI, which comprises 46 life insurance firms and four reinsurers, covered a total of 58.2 million people, a 4.5% increase from the same period in 2011. The members' total premium income climbed 12% to IDR75.1 trillion, with

68.4% of the figure, or IDR51.4 trillion, derived from new premiums.

More than half of the new premiums came from traditional products while the rest was made up by unit-linked products. While sales of new traditional products grew 24.8% y-o-y to IDR27.6 trillion, unit-linked sales fell 4% to IDR23.7 trillion, as shown by recent AAJI data.

"The decline in unit-linked sales was caused by volatility in the stock market, but I am certain unit-linked products will recover next year because our clients can also gain profits from other investment tools, such as bonds," he said.

As a relationship-based business, the association expects life insurance agents to play a significant role in reaching this year's target, according to Hendrisman. At the moment, there are more than 280,000 licensed agents in Indonesia and the association hopes to boost that number to 500,000 in 2015.

The industry will also rely more on bancassurance as it has been considered an effective way for the firms to reach a broader base of potential customers. Bancassurance is a partnership between insurance firms and banks for the sale of insurance products.

Meanwhile, telemarketing as a distribution channel is on the rise as well, in line with people's increasing mobility. AXA Mandiri Financial Services president director Jon Sandham said that telemarketing contributed to IDR93.5 billion or 16.5% of the company's income from new premiums in the third quarter of 2012. On a year-on-year basis, its telemarketing grew by 21%.



Vietnam: US\$4.5 bln insurance investments seen in 2013

eDaily, 28 Dec 2012

The insurance industry is expected to maintain a growth rate of 10-12% in 2013, VietnamNet Bridge reports, citing the Ministry of Finance's Insurance Supervisory Authority Director Trinh Thanh Hoan.

Insurance products and services would be diversified next year to better meet the demands of a wide range of organisations and individuals, Mr Hoan says.

Insurance premiums this year totalled VND40.858 trillion (US\$1.946 billion), representing an increase of 11.7% over 2011. Non-life insurance premiums accounted for about VND22.942 trillion (\$1.093 billion), an increase of 11.5%, while life insurance premiums totalled VND17.916 trillion (\$853 million), a rise of 12 per cent over last year.

Although experts initially predicted the industry's growth rate would reach 17%, it failed to do so, in large

part due to the impact of the global economic downturn.

However, the market remains stable and foreign investors see rich potential in the Vietnamese insurance market, according to Mr Hoan. Insurance enterprises accumulated VND90.591 trillion (\$4.314 billion) to reinvest in the economy this year, 9% more than in 2011. This came from a combination of Government and enterprise bonds, deposits, securities, real estate and contributions to enterprises' capital.

Mr Hoan estimates next year's investment would hit VND95 trillion (\$4.524 billion), although difficulties would continue to besiege financial, banking and real estate sectors.

Asia-Pacific only bright spot in bleak outlook for insurers for 2013

Insurance Insight, 09 Nov 2012

Asia-Pacific and emerging economies are the only bright spots in an otherwise bleak outlook for the insurance sector in 2013.

A report from Ovum said that continued economic pressure will force the insurance industry to take a more innovative approach to the role of technology in decision-making and operations.

The analyst firm identified a focus on mobile solutions, advanced analytics and near-real-time systems as key.

Economic problems, including struggles with keeping the Eurozone whole, protests in the streets, volatile financial markets, high unemployment and low rates of growth in the developed world, will combine to make the 2013 economy a difficult environment in which to generate profitable growth.

"There is no hiding that 2013 will be another tough year for the insurance sector," commented Barry Rabkin, principal analyst for insurance technology at Ovum.

"The insurance demands of the growing middle class in the emerging economies and the continued economic

growth in the Asia-Pacific region provide the only positive news for insurers as we approach 2013.

"A perfect storm of global events, the Western recession, and incoming regulation means the industry must adopt a technology-centric business model if it is to survive the coming years."

Commenting on the report's findings Larry Jacobson, Insurance expert at FICO, said: "According to Ovum's report, next year's economic pressures will make advanced analytics crucial for insurers' ability to stay competitive. Indeed, making good decisions on prospective customers and policy holders has never been more vital for the industry, and technology can provide insurers with sharper insights into customer risk and behaviour, and convert these rapidly moving insights into operational decision making.

"Analytics can be used to create models for precision targeting, more relevant offers, and highly personalised interactions by bringing together disparate consumer information and applying predictive modelling to it. One of the growing uses of predictive analytics is in the area



of insurance claims fraud. The insurance fraud problem already exceeds \$40bn globally, making this a clear imperative for insurers. Analytics can simply spot patterns and detect anomalies faster and better

because they can analyse so many variables. This saves a great deal of money and time, whilst helping to ensure that customer satisfaction levels remain high."



Interview of the Month: Richard Holloway

How would your friends describe you?

I think this depends on the environment. At work I would probably be considered hard working, committed and competitive. Competitiveness also comes through when playing sport which I can take too seriously. I would also be described as passionate when following favorite sporting teams (such a Reading Football Club, and the England Cricket team).

Why did you become an actuary?

My parents (both teachers) hoped I would either be a teacher or an accountant. Wanting to do something different I decided to become an actuary. I recently met a class mate from school (after 25 years), who told me I had made this decision by the age of 17! I did not recall it being so early.



What is your current role?

I head Milliman's life insurance consulting practice in South East Asia and India.

What do you enjoy most about your job/role?

My job enables me to travel across the region, which I have now been doing for over 17 years! I love working across different cultures and in markets that are very different and at very different stages of development. 15 years ago many companies did not know how actuaries could be used, or how consultants could add value. The regional insurance markets have developed enormously over that period and I have been fortunate to see and be a part of that development.

What motivates you?

Contributing to the development and success of clients and being valued by clients. Also it is great to be able to give team members the opportunity to grow and develop as actuaries and to develop the culture and environment to foster such development. Going to work should be fun and rewarding.

What do you do to relax out of office?

I am married and have three young sons. I am not sure they make me relax, but they help me switch off from work! I like to see them grow up and develop. To switch off after work I like to cook, and to play bridge. At weekends I like to play cricket and watch my children play football and rugby.

What is the greatest risk you have ever taken?

Looking back, the decision to move from the UK and to live and work in Kingston Jamaica was a huge decision. It was my first foreign experience, working in a pretty dangerous (but fun) city. The reward was that it set me up for the cultural experience in Asia.

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

A teacher or an accountant! I did not do economics at school. If I had done things might have been different. Tax has always been a subject that has fascinated me. .

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

Opening one of those really expensive bottles of red wine, and enjoying it with my wife!



Any advice for aspiring actuaries?

First put the time in to qualify. The professional qualification is so valuable, and even more so in Asia. The reality is that everyone is going to have to work for longer. You have time to experience different roles in different countries. Give yourself the opportunity to experience different roles, and make sure you are always in an environment where you are challenged and learning new things.

Brainteasers

#1

You are on your way to visit your Grandma, who lives at the end of the valley. It's her birthday, and you want to give her the cakes you've made

Between your house and her house, you have to cross 7 bridges, and as it goes in the land of make believe, there is a troll under every bridge! Each troll, quite rightly, insists that you pay a troll toll. Before you can cross their bridge, you have to give them half of the cakes you are carrying, but as they are kind trolls, they each give you back a single cake.

How many cakes do you have to leave home with to make sure that you arrive at Grandma's with exactly 2 cakes?

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

(2) It will fall vertically below the airplane in a straight line.

The bomb when released from the airplane has the same horizontal velocity as the airplane. Hence it will always be vertically below the airplane. Gravitational acceleration acting on it will cause it to hit the ground. Hence as seen by the pilot, it will follow a straight path.

#2

We want: "...the puzzle you solved (A) before you solved the puzzle you solved (B) after you solved the puzzle you solved (A) before you solved this one (B)".

The puzzle, A, is harder than:

"...the puzzle you solved after (B) you solved the puzzle you solved (A) before you solved this one (B)".

That is puzzle B, "this" one.

"...was the puzzle you solved (A) before you solved this one (B) harder than this one (B)?"

Hence, the answer is "Yes".