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**Patsy Lau**

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## Editorial

A busy period since the last newsletter included the EAAC which was held in Sentosa, and the IAA meetings that preceded the EAAC, which were held in the Pan Pacific hotel.

It was great to see Singapore hosting and being the centre of the 'actuarial community' in Asia Pacific/Globally for several days. It brings home the growing importance of Singapore as a financial centre and the role that actuaries can play to support its growth.

I found the dinner with the IAA delegates to be very interesting, attracting delegates from a wide range of countries, all of whom were in Singapore to contribute to global initiatives undertaken by the global profession. This is certainly an area where Singapore can also make valuable contributions to the 'global debate' in the future, and where the SAS can lead future discussion on how we can best accomplish this. Jill made a great speech at the IAA dinner that suggested that the SAS was not a big, nor a small society. Perhaps now is the time when we consider how we grow into the 'bigger league' of actuarial societies.

I thank the many people who attended the EAAC. It was excellent and well organised. Wil Chong and his committee did a fantastic job and should be congratulated. Reports on both the EAAC and IAA are included in this newsletter.

Finally as we come to the end of the year, do not forget your CPD, and the need to record it with the SAS!

Have a great festive season.

**Richard Holloway**  
Vice President



## Message from the President

October was an extremely busy month. Here is a snapshot of what I was up to last month:

- Hired a new staff member, Novy Mulyadi, to work with Patsy. In our continuing efforts to professionalize the SAS, staffing has been increased to reflect the growing membership size and complexity of the SAS. Novy can be reached at [Novy@actuaries.org.sg](mailto:Novy@actuaries.org.sg).
- Official annual meeting with the Life Insurance Association. The two organization’s executives met to give updates on our respective organizations and to discuss collaboration.
- Meetings with representatives from the Society of Actuaries, Institute and Faculty of Actuaries, the Institute of Actuaries (Australia) and Institut Des Actuaries (France). These were fruitful meetings and it was great to see the SOA, IFOA and Casualty Actuarial Society as sponsors of the EAAC.

- International Actuarial Association (IAA) meetings and functions. Please see further in this issue for more articles about the IAA meetings.
- East Asian Actuarial Conference: A big THANK YOU to the organizing committee of the EAAC, particularly the Chair Wil Chong. The conference was great and the feedback has been very positive. I also spent time practicing for the Gala Dinner song, though not sure that it showed! Thank you all for getting on stage behind me, where you didn’t have to see (or hear!) me sing. And rap.
- On a business trip to Sydney, I stopped into the IAA (Aust) headquarters and previewed their Client Relationship Management system. I also had the good fortune to attend the farewell party for Melinda Howes, the outgoing CEO.
- Reviewed a comprehensive report from the Health Insurance Committee regarding the Medishield plans. Council will discuss on how to take this forward.

Jill Hoffman

## Upcoming Events

Date	Event	Location	Contact
25 <sup>th</sup> – 26 <sup>th</sup> Nov	2 <sup>nd</sup> Asia Investment Management Summit for Insurance	Marina Mandarin, Singapore	Michelle: <a href="mailto:michelle@asiainsurancereview.com">michelle@asiainsurancereview.com</a>
3 <sup>rd</sup> Dec	SOA Mandarin Webcast: China Opportunities and Challenges	Online Webcast	<a href="http://www.soa.org/Professional-Development/Event-Calendar/China-Opportunities-and-Challenges.aspx">http://www.soa.org/Professional-Development/Event-Calendar/China-Opportunities-and-Challenges.aspx</a>
8 <sup>th</sup> – 10 <sup>th</sup> Jan 2014	SOA: Living to 100	Orlando, Florida	Jan Schuh: <a href="mailto:jschuh@soa.org">jschuh@soa.org</a>
17 <sup>th</sup> – 18 <sup>th</sup> Feb 2014	16 <sup>th</sup> Global Conference of Actuaries & 2014 AGFA	Renaissance Mumbai Convention Centre Hotel, Mumbai	Dilip Chakraborty: <a href="mailto:gca@actuariesindia.org">gca@actuariesindia.org</a>
18 <sup>th</sup> - 19 <sup>th</sup> Feb 2014	14 <sup>th</sup> Asia CEO Insurance Summit	Bali, Indonesia	Sheela Suppiah-Raj: <a href="mailto:sheela@asiainsurancereview.com">sheela@asiainsurancereview.com</a>
26 <sup>th</sup> – 27 <sup>th</sup> Feb 2014	2 <sup>nd</sup> Asia Insurance Brokers’ Summit	Singapore	Daniel Tan: <a href="mailto:daniel@asiainsurancereview.com">daniel@asiainsurancereview.com</a>



## Recent Events

### 17<sup>th</sup> East Asian Actuarial Conference



#### ***Organizing the 17<sup>th</sup> EAAC***

Time flies when you are having fun and the 17<sup>th</sup> EAAC has been a flash for the organising committee. The three and a half day event from 15 – 18 Oct took two years to plan! For two years, the first Tuesday of each month will see the organising committee brainstorm, engage, and contribute in a three hours get-together over sandwiches and coffee. Every detail ranging from food menu, sponsors, logo and event flow were debated at length – I never knew actuaries are that resourceful and multi-talented!

Looking back, the EAAC turns out to be an exciting and very well attended conference. This was really a bonus to the organising committee as the intention has always been to provide a reasonably priced and enjoyable forum for the wider actuarial community to network, exchange ideas, and have fun! It was truly an exhilarating journey for the committee.

#### ***The Event***

The event commenced with the opening address by Mr. Lee Boon Ngiap, Assistant Managing Director of the

MAS. This was followed by a keynote address, four plenary and thirty-two parallel sessions over the next 3 days. Against the backdrop of the tropical paradise in Resorts World Sentosa, we saw speakers from wide variety of background ranging from prominent industry leaders, academia and experts from various practice areas discussing the actuarial and risk management issues of the day.

From the diverse topics presented and keen discussion from the participants, it is clear that actuaries are most deeply concerned with the regulatory developments across the region, emerging risk management best practices and the increasingly competitive business environment in the insurance industry. This is unsurprising in view of the increasingly competitive business landscape in Asia and the global development in regulations. Amidst the presentations and discussions, many actuaries were unexpectedly glad to take a break from the intellectual indulgence with a half day tour to the Universal Studio or Marine Park. Who would have thought?



The event ended with a big bang: the Gala Dinner was attended by more than 300 boisterous delegates. I am sorry to report this but judging from the alcohol fueled partying and crazy dance moves, we may have set a Guinness record for most alcohol consumed per actuary!

**Delegates**

In total, we received 648 registrations from 24 countries – much higher than the 500 people we expected. There is strong support for this event outside Singapore with 370 delegates coming from abroad. The diversity has surely added to the richness and breath of the discussions and sharing.

**17<sup>th</sup> EAAC registration summary -**

Country	Registration
Singapore	273
Hong Kong	58
Indonesia	48

Malaysia	40
Korea, South	39
Chinese Taipei	36
Thailand	29
Others	125

**Final Word**

I would like to thank the 17<sup>th</sup> EAAC organising committee members for the tireless work, the event organiser for their professionalism, the speakers for their insightful sharing and the sponsors for their generous support.

Most of all, I want to thank all participants for making the 17<sup>th</sup> EAAC a memorable event. I urge the actuarial community to show the same level of support for the 18<sup>th</sup> EAAC to be held in Taipei 2014.

**Wil Chong**

## International Actuarial Association

Right before the EAAC, the IAA held their Council and Committee Meetings, at the Pan Pacific in Singapore. The SAS had the pleasure of hosting dinner for the volunteers on the Friday night, at Indochine. The location and weather were both excellent. A big thank you to Bob Gibson for organizing the IAA dinner.

This was really my first in-depth exposure to the IAA and I was overwhelmed by the volunteers. There were around 250 people who had travelled to Singapore to work with their committees. They weren't here to vacation, or attend educational talks (like the EAAC). They were here to work – volunteering their time and efforts to better the actuarial profession.

I attended the Council meeting and the President's Forum. The Council meeting was quite standard fare, with the voting in of various initiatives. There was quite a bit of discussion about making the IAA more efficient and effective. Rob Brown was voted in as President. It was a pleasure to vote for him, as he was my professor back in my university days. The President's Forum had

discussions about consumer protection, as well as the President of the Actuarial Society of South Africa gave a presentation about the Society and the work they are doing. The Actuarial Society of South Africa has its own exams and they are adding in a banking track, to meet growing demand.

I learned a lot about the IAA. The IAA strives to represent actuaries at the supra-national bodies, such as the IASB, and add value to the work being done there. This really can't be done by the individual organizations, but more at the global level and this is the role the IAA plays. The SAS is ranked 24th in size (out of 64) for members within the IAA, ranking above Austria and India. We can't really call ourselves a "small" organization in the eyes of the IAA. I think the time has come where we must start making a contribution on a global scale. This is in line with the goals of the Singapore, which strives to be a global insurance hub and to have a place on the world stage. The SAS must do so as well. I will be discussing with Council ways that the SAS can achieve this.

**Jill Hoffman**



## **Council Update**

The 17th East Asian Actuarial Conference (EAAC) was a resounding success as we hosted more than 650 delegates all over the world in Resort World Sentosa from 15 to 18th October. Besides the action-packed and thought-provoking presentations by our esteemed speakers, we also had an insightful CEO plenary session on the first day, an eventful afternoon outing in Universal Studio during the second day as well as the grand gala dinner on the last night. I would like to take the opportunities to thank Wil Chong and his dedicated EAAC Committee to put the great conference together.

Raymond Cheung

## **Committee Reports**

### **• ERM Committee**

Three ERM Working Parties (WP) – Diversification Benefits, Operational Risk and ORSA – presented in the plenary sessions during the second day of the EAAC. We received very positive feedbacks from different delegates on the work that we have done in the WPs. Keep up the good work! All the three WPs will now focus on issuing some papers in 2014.

On the other hand, the Risk Tolerance WP sent out a survey on risk tolerance statement in October. We have received some valuable comments from different participants which will be very useful for the WP to work on the Risk Tolerance paper together. The survey is still opened under end November. If any SAS member would like to participate in the survey, please assist to complete the survey via the link: <https://www.surveymonkey.com/s/5FKYBTF>. The WP

Raymond Cheung

### **• Life Committee**

#### **Industry Dialogue Session with MAS**

We are in the midst of organizing a sharing session for the senior actuaries with MAS to discuss on recent topics of interest in the industry. The date of the session has been fixed on the 5th of December 2013 at Centre of Excellence at Great Eastern Centre. The session is likely to touch on areas such as Enterprise Risk Management/ Own Risk and Solvency Assessment,

Tan Yue Li

The SAS has also organised an Ethics forum and a Tiger Brewery Tour in November. In the month of December, the SAS will be hosting the Behavioural Economics for Actuaries & Risk Managers Course in SMU campus on 3 December. Please visit the SAS website for more information on these talks and events.

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.

aims to hold an afternoon forum in March next year to present our preliminary findings and recommendations. Please watch out for more announcements to come.

The ERM Committee also came together to brainstorm ideas and suggestions for 2014. There were suggestions to set up new WPs, to partner with risk management institutes and societies for joint events, to exchange ideas on ERM with non-insurance sectors as well as to organise an ERM Conference by end 2014. All these are excellent ideas and the ERM Committee will discuss all these in greater details in our next meeting. Many exciting things are happening in the ERM Committee and we welcome more volunteers to join us. Interested members please write to me at [secretary@actuaries.org.sg](mailto:secretary@actuaries.org.sg).

Annual Stress Testing exercise, Actuarial Investigation Report and Insurance Capital Framework.

#### **Technical Note on Internal Models**

SAS Life Subcommittee is working on the Technical Note on Internal Models incorporating the comments provided by SAS members. The paper will be published once finalized.



● **GI Committee**

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**Agenda:**

**1. SAS GI Seminar feedback and planning**

Overall the feedback was positive, and a prize winner was selected based on participants' feedback.

**Action: Jim to write about the GI Seminar feedback in the next SAS newsletter**

A possible collaboration with Actuarial Society of Hong Kong to co-host the GI seminar: an annual event which takes place once in Singapore and once in Hong Kong.

Pros:

- Collaboration will bring in more participation from East Asian countries
- More topics from different perspective will be available
- Increase branding and reach for SAS GI Conference

Cons:

- MAS co-funded SAS GI Conference with the intention of growing Singapore as the insurance hub
- Lower frequency of GI Conference in Singapore means that student actuaries in Singapore will lose out, lower chance for student actuaries to go for overseas conference
- No compelling reason why we need fresh topics, increasing participation over the years and feedback has been good

**Action: Decide over the next meeting whether to collaborate, and in what form of collaboration:**

- **1: We keep our annual conference and help out through other means (sponsor of speakers etc)**
- **2: Co-Branding GI Conference and alternate between Singapore and Hong Kong**
- **3: Co-Brand ERM and GI Conference so there will be at least 1 conference in Singapore**

**2. Reinsurance Risk Transfer**

The appointed actuary is ultimately responsible for judging whether there is significant risk transfer in a reinsurance contract. The GI Committee should draft up a technical note to give guidance in reviewing a reinsurance contract and determine whether there is significant risk transfer. The items to be included are "What to assess", methods on "How to assess", best practices used, examples of "significant risk transfer", and examples of "not significant risk transfer".

**Action: Reinsurance risk transfer working party to report progress at the next GIC meeting.**

**3. Regulatory Updates**

Since QIS and the MAS response paper will be out possibly in December, MAS has noted that such timing will put additional load on the already busy regulatory reporting period. Possible ways to alleviate the extra workload includes cancelling self-select scenarios or postponement of the report deadline. Preference was given for delaying the self-select scenarios as well as the overall report draft and submitting only the template for the macroeconomic scenario.

**Action: Cheng Wei to revert with regards to the actuarial report forum (to be held maybe late Nov).**

**4. Education/Internship**

MAS Financial Sector Development will be hosting the first insurance roundtable discussion, focused on the topic of attracting talents especially students into the insurance industry. LIA, GIA, SAS, brokers, agencies etc

The SAS Student committee is trying to set up a database for students to upload their CVs while at the same time giving consent for companies to view and contact them. This is to increase the ease of matching suitable candidates to companies.

Regarding the internship/sponsorship programme, the consensus is to include every student in the SMU actuarial science track and see if the demand for students matches the supply. The programme will be 6 months long, possible for two phases, once every half a year, if there are sufficient candidates.



With regards to education support for working actuaries, SAS can consider facilitating actuarial students to get together for study groups or experience sharing from fellows who are familiar in the area of study. It could also be a push for actuaries to broaden their knowledge since GI Fellows could come for an investment study group and learn more about the field.

**Action:**

- Dave will send the list of contacts to engage company buy-in for the internship programme.

- Raymond will raise the issue of SAS sponsorship to the council when they next meet.

**5. Working Party Brainstorm**

**Action:** All GI Committee members to submit a working party idea before the next meeting.

**6. AOB**

Matthew will attend a Cat risk forum as a representative of the SAS and update the committee on the content at the next meeting.

Jim Qin

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## **New Members**

**Fellow Membership:**

QUAH Phaik Har Priscilla, *Zurich Life Insurance (SG)*

MAN Tat Chi Eric, *Zurich Life Insurance (SG)*

NG Kok-G, *Prudential Singapore*

Jeffrey Lawrence DOLLINGER, *Endurance Services*

**Ordinary Membership:**

LIU Jia, *QBE Insurance (International)*

CHEOK Wei Yong, *Nil*

**Associate Membership:**

Jan Christian ROSEMEYER, *Allianz SE Reinsurance Branch Asia Pacific*

**Student Membership:**

Elton ANG Wei Jie, *Nanyang Technological University*

FOONG Yi Qian, *Nanyang Technological University*

CHEN Minyang, *Singapore Management University*

SOH Chye Aik, *Nanyang Technological University*



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## **Behavioural Economics for Actuaries & Risk Managers Course**

The SAS is pleased to confirm that it will be holding the **Behavioural Economics for Actuaries & Risk Managers Course** in Singapore on Tuesday 3<sup>rd</sup> December 2013. Please find the link to the [flyer for the seminar](#). The course will be held at the SMU campus.

The course fee for early bird registration (by 15 November) is S\$395 for SAS members and \$600 for non-members for payment via local cheques. If payment is made via Paypal, it is \$409.42 for SAS members and \$621.64 for non-members. For registrations with payments made after 15 November, the course fee is S\$500 (local cheque) and \$518.12 (Paypal) for SAS member. Please refer to the registration form in the flyer for more information. There are only 30 places available, so please sign up early.

Thank you

**Gavin R. Maistry**

*Chair – SAS Education Committee*

### **Synopsis:**

Economics, including its sub-discipline of Finance, has been shown to be as much at the mercy of human psychology as most of our other human endeavours. Behavioural economics stands at the intersection of neo-classical economic theory and cognitive science - and provides crucial insights to help explain human decision making in the face of uncertainty and limited information. Behavioural economics can be viewed as the study of actual (as opposed to rational) decision making by people and takes into account their social, cognitive and emotional biases & heuristics.

This seminar aims to provide an introduction to the foundations of behavioral economics to actuaries & risk managers. We plan to explore these concepts further by delving into practical examples from the world of insurance. These tools can be used to better understand policyholder behavior that plays a critical role in the marketing of insurance & the determination of the true economic value of insurance contracts. We will examine further the thinking of policyholders when deciding to purchase insurance or exercising options or evaluating guarantees. We also look into policyholder lapse behaviour that is so vital when evaluation direct marketing or lapse supported products.

Behavioural economics also provides insights into why common risk management mistakes are made over and over again. It provides insights that can potentially allow organisations to break free of these behavioural traps and build a more robust risk management culture. The course will cover the main ideas of behavioural psychology and neuroscience, and how they affect risk management within an organisation. We will cover corporate culture and risk management; the perception, communication and management of risk and finally the ethics and morality in finance. Various case studies will illustrate lessons from recent history.

The course will take a practical actuarial perspective with a combination of insurance practitioners and an academic presenting. Cognitive science does matter to actuarial science. We encourage you to attend this seminar to learn more.



## News & Articles

### • Members' Articles

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*The following article is written by Debbie Lore, a student, who attended the IAA meetings this past October. She offers us a unique perception of the actuarial profession and organisation.*

#### **My First Encounter with the IAA Meetings**

“IAA (International Actuarial Association) Meetings have been scheduled in October 2013 in Singapore”. The opening title gave me the impression that this would be an event on an international scale, similar to the large conferences that are held in Singapore regularly. However, on hindsight, the IAA Meetings closely resembled smaller conferences such as the Annual Meetings of the International Monetary Fund (IMF) & World Bank Group held here in Singapore back in 2006. As an actuarial student with no relevant work experience, I was curious as to what the IAA Meetings are about. That being said, my participation in the event is indeed a blessing since the IAA Meetings have given me significant insights into the role of the actuarial profession.

The IAA Meetings in Singapore consist of 5 full day sessions conducted by the SAS and the working groups of the IAA. Member delegates gathered from around the world to meet, discuss, contribute, and work together on ongoing global issues. As a non-delegate participant, this was an extraordinary experience for me since I was not only able to have a glimpse into the proceedings of meeting sessions, but also to understand the core issues of the discussions. These discussions will most likely continue at the next IAA Meetings and the final consensus will only be reached later in the future. However, metaphorically speaking, this experience is much similar to how one is given the opportunity to peruse a kitchen recipe before seeing the final dish.

After mingling with the member delegates, I have come to realize the passion that they have in realizing their roles as actuaries. Participants, along with member delegates, were quick to catch up with each other during the coffee breaks in between the scheduled

meeting sessions. In addition, some delegates were kind enough to spare some of their time to elaborate on the topics that had been discussed during the meetings; some of which I have had difficulty following. Moreover, some delegates took the initiative to illustrate the role of the IAA and its member delegates worldwide. These interactions left a lasting impression that most IAA members are more than willing to share their experience and opinions, albeit most are centred on recent actuarial issues.

The discussions among member delegates during the meetings were constructive, motivating and fun. Even when counter-opinions were presented, the delegates did so in an accommodating manner and with a mix of humour as well. Given the weight of the issues being discussed, one would expect the meetings to be rigid and tense, but surprisingly, the ambience was light and lively instead.

The next IAA Meetings is scheduled to be in Washington DC after the holiday season in March 2014, and it would be quite some time before the event would be held in Singapore again. Therefore, it has been a privilege to be able to attend such an insightful and exciting event and to witness how the actuarial profession comes together in developing global solutions.

Lastly, it was great to see that most of actuaries possessed amiable characters. This shows the types of personalities that the actuarial profession attracts and it is something which I would like to be part of. In conclusion, while I still have a long way to go in the actuarial examinations, I will use this experience as motivation to push me towards a career as an actuary.

**Debbie Lore**



• General News

*World Needs Insurance Industry to Be ‘Bold’ and ‘Sexy’ Now, PLUS Told*

**Insurance Journal, 4 November 2013**

It’s time for the insurance industry to be “bold” and “sexy” in creating new insurance products and services to help the world deal with extreme risks that are becoming more common, according to a global authority on managing catastrophes and other extreme risks.

“Try something new!” Dr. Erwann Michel-Kerjan exhorted attendees at the Professional Liability Underwriting Society (PLUS) International Conference in Orlando.

Michel-Kerjan, who teaches Value Creation at the Wharton School of Business and is a contributor to the World Economic Forum that publishes the annual Global Risk Survey, said that while extreme events have been thought of as low probability, this is no longer true.

Extreme events—also known as “black swans”— are more likely than people think and will most likely continue to have real implications for insurance professionals and their clients, according to the professor.

He asked for a show of hands of how many people in the audience have dealt with a major event within the past few years. About two-thirds raised their hands.

“For the rest of you, just wait,” said Michel-Kerjan, who is managing director of the Risk Management and Decision Process Center, The Wharton School of Business, University of Pennsylvania.

He is also author of *The Irrational Economist*, with Paul Slovic, and *At War with The Weather*, and has written on terrorism risk and disaster response.

To further illustrate his point he cited a string of major natural and man-made events since 2001 including the 9/11 terrorist attacks in the U.S., the Northeast blackout of 2003, the South Asia tsunami in 2004, the 2005 London Underground terrorist attack, Hurricane Katrina in 2005, the BP Gulf oil spill in 2006, the earthquake in China in 2008, the 2008 financial crisis, the 2010 earthquake in Chile, Superstorm Sandy in 2012 and, this year, the federal government shutdown.

“They’re happening every three months. The risk architecture is changing fast and we’ve only begun to recognize it,” he said.

While he acknowledged that some question whether the government shutdown is a “black swan” event, Michel-Kerjan said it qualifies because “when the richest economy in the world does not have an operating government, that is not good at all.”

Greater interdependency is one of the features of the new global risk architecture, he said. Expanding into new markets is good but this also increases exposures. While globalization has had a positive impact on poverty, it has also raised global risks including supply chain concerns.

The new risk landscape is also marked by organizations being only as strong as their weakest link but this perception can be skewed by the professional biases of people with the power to influence corporate decision makers. As an example, he said it is a mistake for a company to invest a lot in hiring experts to beef up cyber security without also doing human resource due diligence on those new hires to whom it is giving all of the firm’s IT secrets.

He said organizations must ask themselves where they are in their “domino chain” and realize that what happens to another organization or vendor can affect their own business.

The Wharton professor said many people today are focused on the short-term horizon, valuing immediate access to information and preferring to make quick or intuitive decisions, rather than being focused on developing strategies and making longer-term decisions that take time and require deliberation and research.

“We are making more quick decisions without always knowing the full impact,” he said.

This intuitive decision-making has certain biases, he said, including an overemphasis on whatever was the most recent crisis, an “it won’t happen to us”



overconfidence, a miscalculation of the actual risk, a myopic focus on the short-term and procrastination about doing something (“we will do that next year”).

As an example, he cited what he said is short-term thinking in America about upgrading the country’s infrastructure. Having recently returned from China, he said, “New York looks like a Middle Age country compared to China” in terms of infrastructure.

In a positive sign with implications for liability underwriters, Michel-Kerjan said there is growing awareness and sense of responsibility among corporate executives about the importance of risk management. He cited a PwC survey of 1,000 CEOs in which two-thirds identified risk management as a CEO responsibility.

This recognition is also happening at the board level with more directors asking questions while also expressing anxiety about their own exposure, he said.

“Oversight and management are more integrated,” he said.

Overall, CEOs are increasingly seeing risk management as a strategic issue and not just a technical matter. “This is new,” he said.

Michel-Kerjan said liability insurance professionals must deal with issues that show up years later, a fast-changing regulatory environment such as the Affordable Care Act that can create new exposures and clients who need to be persuaded that investment in risk management is worthwhile.

He said there is “massive opportunity” both in terms of adding social value and making money in risk management work and in helping companies prepare for the future.

He urged the insurance industry to help convince more clients to take risk management seriously by figuring out “how to make liability products and services sexier.”

“It’s time to be bold!” he said. “Try something new!”

In response to a question, he said the industry could also do a better job of marketing itself as a “sexy” career to college students in order to attract young professionals. “Insurance makes economic growth possible,” he said, yet a career in insurance is still a “hard sell” to college students.

“You need to explain why what you are doing is sexy and why it is so important,” he told the PLUS crowd.

### *Is Singapore becoming more attractive than Hong Kong?*

#### **Insurance Insight, 30 October 2013**

In recent years the industry has seen a slew of insurers announce that Singapore would now be their regional headquarters while more could be in the pipeline writes Justin Harper.

With a similar tax rate to Hong Kong for large businesses and in a similar position in the heart of Asia (although Hong Kong has the edge over reaching China) companies often have to choose between the two cities to position their regional hubs.

One of the most recent announcements came from Allianz which has moved to its new regional Asia office in Singapore’s Marina Bay financial district. In Asia, the insurance giant employs more than 35,000 people and has over 20m customers across 16 markets.

Rangam Bir, regional general manager for Allianz, said: “We have expanded the footprint of the business in

Singapore. We have a new dedicate investment team for Asian fixed income and we are also looking at Singapore from an investment perspective to expand into some more of the Asean markets. That’s where the opportunity for Singapore lies, in terms of being at the gateway for Asean.”

#### **Singapore office space**

Singapore has been extending its central business district to include plush office space in Marina Bay, giving companies the chance to bring all their different businesses under one roof. Marsh & McLennan did a similar exercise last year when it brought Marsh, Mercer and Oliver Wyman under one roof.

For Allianz it gave it the opportunity to bring its many subsidiaries together including property & casualty, Allianz Global Assistance and Global Corporate &



Specialty. While its Asian fixed income investment team will also sit in Singapore, the main global investors arm will remain in Hong Kong. Bir added: "The regional office plays an increasingly important role in driving synergies across the region. And having us together in one premise is just a natural momentum to bring this whole concept forward."

Allianz is not alone when it comes to setting up Asian headquarters in Singapore. Many insurers, banks and other multinationals are attracted by the business friendly environment, availability of high-quality professionals, political stability and a well-structured society. But is this enough to lure insurers away from Hong Kong, Singapore's great financial hub rival?

**Swiss Re**

Insurance giant Swiss Re has set up an international operation in Singapore headed by the respected Angela Kelly, who will combine her new chief executive role with her current position as head of casualty Asia for Swiss Re Corporate Solutions. The newly-licensed Singapore branch will offer a broad range of direct insurance products to large and upper-end middle market corporate clients, as well as to captives in Singapore and selected markets in Asia. In addition to its standard property and casualty insurance, the product offering will also include professional and financial lines, engineering, aviation, marine, credit and customised risk-transfer solutions.

However, despite the Singapore expansion, Swiss Re's Asian headquarters will remain in Hong Kong. Currently, Swiss Re has 45 employees based in Singapore but says it hopes to increase the team to around 70 by the end of 2014. A spokesman for Swiss Re said: "Our ambition is to significantly grow the Corporate Solutions portfolio in the high growth Asia region. The establishment of a Singapore branch will enable us to better service our clients and capture growth opportunities."

Zurich, the Swiss insurance giant, created a new subsidiary last year called Zurich Life Insurance (Singapore) after it was awarded a direct insurance licence. But it's early days for any talk of uprooting its HQ in Hong Kong and relocation to Singapore.

Peter Huber, CEO of Zurich's Global Life business in Singapore, said: "While it is a fairly developed market and getting more competitive, Singapore remains a high

growth market with a current life insurance coverage gap to fill and increasing needs with a growth in influence. We remain committed to be here for our customers for the long term and to grow our local life business through a multi-channel distribution strategy."

Meanwhile, QBE this summer moved their headquarters from Singapore to Hong Kong under their new CEO David Fried. However, the insurer is hedging its bets.

A QBE spokesperson said: "The Asia-Pacific operations have been identified as a key growth engine in the group's growth strategy. To support our growth plan, we have restructured our operations in the region. Before the restructuring, QBE had Asia-Pacific regional executives in HK, Singapore, Melbourne, Brisbane and Sydney. Now we are still keeping our multiple geographical network of head offices in Singapore, Hong Kong and Sydney. Both Hong Kong and Singapore have been our top priority markets in terms of business performance, and we have made significant investments in both cities. Given the high growth potential of both markets, we will continue to make investment in both cities to strengthen our position locally and in the region."

But while Hong Kong seems to be holding its mantle as Asia's premier insurance hub, more companies are expanding their footprints in Singapore.

**Lion City**

For example, Standard Life launched its first suite of products in Singapore at the start of this year, comprising three long-term savings and investments plans. Neal Armstrong, CEO of Standard Life Singapore, said: "Singapore is a priority market for us where we are particularly focused on building market share and writing new business in the retail savings and investments segment."

But Hong Kong will continue to be its main insurance hub, supporting the team in Singapore. But don't write the Lion City off just yet. Armstrong added: "Current levels of market sentiment mean it is a more fitting time for expansion than has previously been the case, and we see many opportunities in the market coupled with an increasing number of people whom we feel fit a demographic that we believe we can best help."



AIG bucks the trend with its Asia-Pacific headquarters based in Tokyo. However, Singapore is home to a centre of excellence for AIG's commercial insurance operations and the US giant employs around 600 staff in Singapore. Currently, AIG's consumer portfolio generates 74% of the business based on gross written premiums written, with the commercial business generating 26%. But AIG wants to place greater emphasis on growing its commercial book. This will be helped by the projected population increases in Singapore (from the current 5m to 7m by 2030) which should see more infrastructure and financing projects that need protecting.

Jose Hernandez, president & CEO of AIG Asia-Pacific, said: "We are also seeing a lot of commercial business in the region that would have previously gone to London, now being written in the Singapore due to the market having strong ratings, well-established legislation and socio-economic and political stability. We are also seeing a lot of aviation and property business in particular coming to Singapore."

For now Hong Kong is holding onto its insurance hub mantle but for how long? As more insurers focus on corporate solutions, Singapore comes into play given the abundance of multinationals based here keen to tap into the exciting Asean region. Watch this space.

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### **Actuaries have bigger role, responsibility in risk management: MAS**

**Channel News Asia, 16 October 2013**

In a new and riskier financial landscape, the Monetary Authority of Singapore (MAS) said actuaries have a bigger role and responsibility to play in the area of risk management.

Speaking at the 17th East Asian Actuarial Conference, Lee Boon Ngiap, assistant managing director (banking and insurance) at the MAS, said actuaries can help contribute to global regulatory reforms for the insurance industry in two areas.

Firstly, actuaries or statisticians who compute insurance risk and premiums can help to design risk-based capital frameworks.

Mr Lee noted that the International Association of Insurance Supervisors (IAIS) is already committed to developing the first risk-based global insurance capital standard by 2016.

Many jurisdictions in Asia, including Singapore, are also in the midst of revising their own risk-based capital standards for insurers.

Mr Lee added that significant efforts and resources will be needed to develop these global insurance capital standards.

He said the actuarial community will have a big part to play in devising these global standards, which should safeguard the resilience of insurers to shocks.

Secondly, Mr Lee stressed the need for the actuarial community to develop macro-prudential surveillance techniques and tools relevant for the insurance sector.

He cautioned that a benign record in the past does not mean the insurance sector will not be a source of systemic risk in the future.

In fact, Mr Lee pointed out that the authorities have intervened to stem the escalation of systemic risks in the last few years, including liquidity injections by central banks.

The insurance business model could have been under more pressure in the absence of these large scale policy actions.

Mr Lee said the actuarial profession has much to contribute as insurance regulators step up efforts to enhance macro-prudential approaches for the insurance industry.

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## **Interview of the Month: Sumit Narayanan**

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

Prankster, helpful when needed, and always up for a party!

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

Blame it on [www.beanactuary.com](http://www.beanactuary.com) – it mentioned actuaries as one of the only professions to be voted top 10 for the last 20 years or so.

On a more serious note, after completing my Masters in Finance and Economics from LSE, I had the option of pursuing a career with an investment bank, which was the preferred route for most graduates. Given the recent opening up of the Insurance industry in India and a number of discussions with my peers who were studying actuarial sciences, I thought pursuing an actuarial course would give me a specialization and a stable career.

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

I am Partner at EY and lead the ASEAN Actuarial Advisory team.

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

Meeting people from different backgrounds and cultures, travelling and pursuing new opportunities.

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

None I can think of.

### **What motivates you?**

Challenges motivate me a lot. Challenges that give me the opportunity to grow and change my perspective, to learn new things and achieve set goals.

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

I try to go to the gym on most days. An energy sapping workout is one of the best ways for me to de-stress. Weekends are spent taking my girls out swimming, cycling or for a game of tennis.

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

Committing to the actuarial profession especially when I did not have as much knowledge of the profession as some of my peers had at the time.

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

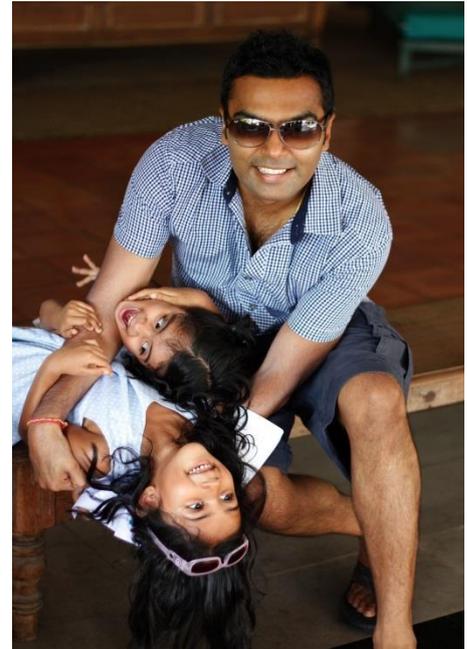
I would have like to become a mixologist – mixing cocktails for people in a high-end cocktail bar somewhere in the world!

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

Spending time with my wife and my daughters.

### **Any advice for aspiring actuaries?**

I think the exams are not that difficult as everyone makes them out to be. I think most aspiring actuaries (at least the good ones) struggle with managing their time between working, having a life and studying. It is critical to get the balance right to succeed. Also, once you have committed to the exams, I would say give it your all and never doubt your capabilities.





## **Brainteasers**

**#1**

1= R per Y of a T's L

**#2**

Jack went to school one day with an excuse and no homework. When he got to class, he went up to his teacher. "Buddy, my dog, ate my homework," he told her.

"OK, now I know you're lying," she said.

"How?" he asked. "You know I have a dog named Buddy."

What did the teacher respond?

**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 issue's brainteasers:**

**#1**

Release the bird and make a small hole in the sphere with the stone. Simply releasing the bird will not decrease the weight of the sphere because the bird must exert pressure (downward force) on the air in the sphere to keep itself aloft, and the air in turn presses down on the sphere. However, if you make a hole of any kind in the sphere with the stone, some of the downward force of the air that is beaten down by the bird's wings will be dissipated outside the sphere, making the sphere lighter.

**#2**

The treasurer's plan was to drink a weak poison prior to the meeting with the king, and then he would drink the pharmacist's strong poison, which would neutralize the weak poison. As his own poison he would bring water, which will have no effect on him, but the pharmacist who would drink the water, and then his poison would surely die. When the pharmacist figured out this plan, he decided to bring water as well. So the treasurer who drank poison earlier, drank the pharmacist's water, then his own water, and died of the poison he drank before. The pharmacist would drink only water, so nothing will happen to him. And because both of them brought the king water, he didn't get a strong poison like he wanted.