SAS Monthly

2013/2014 Issue No. 7 – March 2014

Contents

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Editorial

This is the last newsletter prior to the upcoming AGM. Changes will follow the meeting with the election of a new Council and a new President.

Jill Hoffman will be standing down after four years as President. Jill's commitment to SAS has been admirable and she leaves the role with the SAS a much larger organisation. Jill's focus on 'volunteering' has seen many more of our members play an active role in the SAS and all volunteers should have been invited to the dinner that follows the AGM. We thank Jill for her immense contribution to SAS.

This will also be the final newsletter that I have overseen. Initially the focus was to give the newsletter a 'refresh'. It is now time for another person to take it on and to possibly give it a further 'refresh'. It has been good to have the opportunity to engage with the membership on a frequent basis. A special thanks to Zi Xiang Low for helping with the preparation of the initial draft and searching for all the puzzles.

I wish the new Council and President much success as they embark on a new era for SAS.

Richard Holloway
Vice President

Message from the President

This is my last update as President. I've decided not to rerun for President this year. I've held the post for four years and Hon. Secretary for two years before that. It has been quite the journey. Membership has increased by more than 130% during this time frame and the volunteering has kept pace. It really has been my privilege to be involved with the SAS and I thank you for the support.

Out with the old and in with the new! As always, all Council positions (except ex-officio, which is not an elected position) are up for election. Due to the increase in membership size and volunteers, at the EGM on March 14th, Council is putting forth the motion to increase the number of maximum elected seats on Council from 10 to 14. The minimum number will remain as is. I hope that you will support this motion. If you are interested in running for Council, including any of the executive positions and have any questions, please do not hesitate to contact me.

Thank you again for all your support. My time on SAS Council has really been a career and life highlight for me.

I hope to see you at the AGM / Volunteer's dinner.

Jill Hoffman

Upcoming Events

Date	Event	Location	Contact
14th Mar	Annual General Meeting	OCBC Centre, Level 33	http://www.actuaries.org.sg/?q=node/6176
14th Mar	Appreciation Dinner – By invitation only	Peach Garden OCBC Centre Level 33	http://www.actuaries.org.sg/?q=node/7124
17th Mar	SAS SMU Career Fair	Singapore Management University	http://www.actuaries.org.sg/?q=node/6237
18th Mar	SAS Afternoon Talk	OCBC Centre, Level 33	http://www.actuaries.org.sg/?q=node/7208
28th – 29th Mar	TGL Conference	Concorde Hotel Singapore	http://www.eventbrite.sg/e/active-ageing-a-win-win-solution-in-osteoarthritis-care-for-funders-and-providers-registration-8944038861
30th Mar – 4th Apr	30th International Congress of Actuaries	Washington, D.C.	http://www.ica2014.org/congressprogram/index.cfm?fa=plenarySessions
22nd May	SAS Afternoon Talk	OCBC Centre, Level 33	http://www.actuaries.org.sg/?q=node/6881
29th – 30th May	6th General Insurance Conference	TBA	http://www.actuaries.org.sg/?q=node/6238
19th – 20th Jun	Health and Retirement Conference 2014	Shangri-La Rasa Sentosa Resort & Spa, Singapore	http://www.actuaries.org.sg/?q=node/6157

Committee Reports

• GI Committee

The committee discussed the processes and timeline for the GI Internship Program with SMU. The Internship program will start from late April, and end in July

The committee discussed the potential topics for presentation to SMU, as well as GIA. The main objective is to raise GI actuary's profile.

The committee discussed a few new ideas for the upcoming GI Seminar in May.

Jim Qin

New Members

Fellow Membership:

*Cynthia SHEN, **Prudential Assurance***

*Jonathan CLARKSON, **Towers Watson***

*LAW Hoi Keong, **Asia Capital Reinsurance Group***

*DU Jianguo, **Munich Reinsurance Singapore Branch***

Upgrades:

*ONG Shze Yeong, **AIG***

*Alvin SOH Phak Ming, **Tokio Marine Life***

*LEE Kah Jing, **Manulife***

*LIN Wah Man, **AIA Singapore***

*Noelle LEE Shu Shing, **Munich Re***

*MENG Deshuo, **Prudential Assurance Co***

*David KONG, **Milliman Pte Ltd***

Associate Membership:

Upgrades:

*Bevan CHEONG Yip Seng, **Tokio Marine Life***

*CHEW Tuck Hua Jacky, **Munich Re***

Ordinary Membership:

*Veera Srinivasa Raghana Rao KATTUMURI, **Scor Services Asia Pacific Pte Ltd***

*TOH Yun Ying, **Great Eastern Life***

*LOO Wan Yie, **KPMG***

*CHEAH Tee Hoong, **Manulife Singapore***

*WONG Ling Yit, **Shenton Insurance Pte Ltd***

*CHOW Chia Eu, **Manulife Singapore***

*TAN Jun Hwee Joanne, **General Reinsurance AG***

*Lee Jian Tak, **Manulife Singapore***

*YEAP Koh Han, **Pacific Life Re Ltd Singapore Branch***

*TEOH Ying Ying, **Pacific Life Re Ltd Singapore Branch***

*SRIVASTAVA Karan, **Allianz Reinsurance Branch Asia Pacific***

*Leelee Hia CAMPBELL, **MSIG Holdings (Asia) Pte Ltd***

*Songphol ARREWEJIT, **MSIG Holdings (Asia) Pte Ltd***

*TAN Mun Zhe, **MSIG Holdings (Asia) Pte Ltd***

*WANG Ye, **Munich Re***

*LEE Qing Xiang Lucas, **Prudential Assurance Co***

*TAN Chun Hin, **Towers Watson Singapore***

*PUA Yen Chiw, **Aviva Ltd***

*CHU Hui Wen Hazel, **Aviva Ltd***

*CHUA Hui Jin Jeannette, **Aviva Ltd***

*PHUA Xi Kun, **Aviva Ltd***

*Jun-Yi YAP, **HSBC Insurance Singapore***

*SEAH Chun Leong Leon, **Bank of Singapore***

*OH Wei Lai Jeffery, **Asia Capital Reinsurance Group***

*ZHANG Qi, **Asia Capital Reinsurance Group***

*CHAI Wan Fui, **AIA Singapore***

Affiliate Membership:

*CHAN Jun Han Marcus, **MSIG Holdings (Asia) Pte Ltd***

*Loganathan RAMACHANDRA, **Fuji Xerox Singapore Pte Ltd***

Student Membership:

*YANG Jiarui, **Singapore Management University***

YAP Zheng Chen, ***National Technological University***
ONG Wei Chang, ***National Technological University***
TAN Yong Khiam, ***National Technological University***
Rahul Prem CHANDIRAMANI, ***National University of Singapore***
XIA Yin, ***Nanyang Technological University***
ONG Sun You Joshua, ***National Technological University***
SUN Ying, ***National Technological University***
Merissa ANG Pherng Li, ***Nanyang Technological University***
LONG Qing Siang Joshua, ***Nanyang Technological University***
Shem LEONG Yong Zhe, ***Nanyang Technological University***
LIM Zi Hong, ***Nanyang Technological University***

News & Articles

- General News

Singapore's life industry posts 28% growth in 2013

International Adviser, 12 February 2014

Singapore's life insurance industry saw total weighted new business premiums last year jump by more than a quarter, or 28%, over 2012's total, which itself was a record.

The bullish performance comes as many European and American insurance industry giants are increasingly looking to Asia and other emerging and frontier markets for growth, as sales in their home markets languish. By 2020, according to one estimate, Asia is expected to account for 40% of the global market for insurance.

Against this backdrop, the Life Insurance Association of Singapore (LIA) said today that total weighted new business sales – which are computed by using a formula that incorporates single and regular premium sales – hit S$2.8bn ($2.2bn, £1.33bn) in Singapore last year, up from S$2.2bn in 2012.

Sales of annual premium products grew by 31%, to S$2.1bn last year, while weighted single premium sales rose 20%, to S$700m, according to the association, which represents Singapore's insurance product providers and life reinsurance providers.

Of this amount, sales made under the auspices of Singapore's Central Provident Fund (CPF) – a government scheme aimed at encouraging Singaporeans to save for their retirement – accounted for around 16%, the Life Insurance Association said.

The so-called defined market segment (DMS) of Singapore's insurance industry, which is comprised of just six companies, including the likes of Friends Provident International, Generali, Royal Skandia, Transamerica and Zurich International, accounted for 4% of sales last year, while companies with "normal" licenses generated the remaining 96%. This represents a slight decline in the DMS share, which recently has been averaging around 5%.

The defined market segment is so-called because it caters for a high net worth market that is defined by a minimum premium size, and its members are not permitted, under their licences, to handle CPF business.

'Momentum maintained'

LIA president Khoo Kah Siang noted that there had been a "slight dip" in sales in the fourth quarter, but the industry nevertheless maintained its momentum "to end the year with improved growth over the previous year".

"Annual premium products were the biggest drivers of growth for the year, echoing a more stable market environment and improved consumer sentiment," Khoo added.

Health insurance was among the Singapore insurance industry's best-performing market segments last year, with new health insurance premiums leaping 145% compared to the same period last year, to S$456m. Most of this amount – 94% – went to so-called Integrated Shield Plans and riders, according to LIA. Integrated Shield Plans are offered by private insurers, while MediShield is a low- cost, basic medical insurance scheme run by the Central Provident Fund board, which was introduced in Singapore 24 years ago.

In line with an upward revision to the benefits and premium rate of the basic MediShield plan in March 2013, participating Integrated Shield Insurers also enhanced their plans last year, the LIA noted.

Forward outlook

Khoo said the industry is expected to maintain its momentum into 2014, increasingly influenced by two developments that are coming onstream: the launch of MediShield Life – an extension of the MediShield range, announced last year – and the scheduled implementation of a new direct-to-consumer insurance distribution channel, recommended by the Financial Industry Review (FAIR) panel.

As reported, Monetary Authority of Singapore's managing director Ravi Menon has stressed the importance of the insurance industry to Singapore, and last year said the city-state would look to boost its position as a regional insurance marketplace.

"Four Evils" to be covered by South Korean insurance

CNN, 7 February 2014

Social problems are now so prevalent in South Korea that, for the first time, an insurance company is set to offer cover for the victims of societal "evils."

Dubbed "four evils" insurance, the new policy will compensate victims of the four biggest social problems of South Korean society today -- bullying in school, low-quality or "adulterated" food products, domestic violence and rape -- as defined by the Park Geun-hye government.

An independent panel, composed of different interested parties including women's organizations and advocate groups, has been advising the insurance sector.

The country's second largest non-life insurance company, Hyundai Marine & Fire, is currently ironing out the details of the new policy with the government, and will begin offering the product in March.

Rooting out these societal evils has been a key initiative of Park's administration since the president came into office last year.

While local media have reported that the monthly premium will be approximately ₩10,000 ($9) to ₩20,000 ($19) and there will be a payout limit of ₩1 million ($930) for psychological damage claims, both the company and the Financial Supervisory Service (FSS) said the details are still under negotiation.

"We are not focusing on profit as we develop this new policy, but rather the social aspect of providing help to those who have been unable to receive [it] until now," Hyundai Marine & Life spokesperson Byung-ju Lee told CNN.

While the idea was proposed to many insurance companies by the advisory panel, which is dedicated to the eradication of the "four evils," Hyundai is the only one currently developing the product.

"Municipalities would be able to take out insurance on behalf of its citizens, and schools would be able to do so on behalf of students," FSS non-life insurance division director Yoo Byung-soon told CNN.

"This insurance comes out of voiced needs to rescue those who cannot pay for insurance themselves," said Yoo.

Instead of payouts being customized on a case-by-case basis, a predetermined compensation will be given once the insured meet the necessary criteria, as laid out by the company and the government.

The new policy will also cover psychological damage to some extent -- a landmark move as insurance coverage for psychological services have been notoriously difficult to obtain in the past, to the point where it is widely believed that seeking psychological help will hurt insurance premiums and have a crippling impact on any future coverage.

Rooting out evil

Far from being a sales gimmick, the new insurance policy is a studied reflection of the issues facing modern South Korean society.

Domestic violence and rape carries a heavy social stigma, and the police and other law authorities are known to pressure women into dropping charges of sexual assault, resulting in only one in ten of cases being reported.

Women's rights advocates say rapists who do get convicted serve little time and can easily avoid their sentences or fines.

The Wall Street Journal reported that the number of people charged for sex crimes rose 38% in 2012, compared to four years earlier.

Last July, Yonhap news agency reported that sexual assault cases had more than doubled within the past decade, but the arrest rate of perpetrators had declined by more than 8%.

Along with stress from school grades, bullying is one of the causes known to contribute to South Korea's extremely high youth suicide rate. A report last year showed that the number of teen suicides in South Korea had risen 57% in 2011 compared to 2001 figures.

South Korea's suicide rate among youth increased by 57% in 2011, compared to 2001, and was the biggest cause of death among teenagers in the nation.

New policy

The new insurance is sure to be watched closely by other companies in addition to watchdogs and researchers.

"If the new policy is successful, out then it will give new business chances to insurance companies as well as benefits to consumers," Korea Insurance Research Institute vice president Ahn Chul-kyung told CNN.

"I may recommend it to consumers because it covers victims we really worry about, but to businesses, personally I'd say that in terms of risk management, other insurance companies need to see how it goes."

Lloyd's vs Asia: Is London losing its crown?

POST Online, 4 February 2014

Lloyd's of London has been the global capital of insurance since Edward Lloyd opened his coffee shop back in 1688 – nearly 326 years ago. During that time it has managed to shrug off the impact of several scandals, as well as numerous economic crises.

But as Lloyd's Asia marks its 15th anniversary this year, London's crown is looking a little shaky. Could it be that Singapore – home to Lloyd's Asian hub, established in 1999 – is about to take over from its older relative?

According to the World Economic Forum's annual competitiveness report, Singapore is the second most competitive global economy – coming behind Switzerland and ahead of Finland.

And during a visit to Singapore last November, Lloyd's of London chairman John Nelson predicted insurance business in Asia would grow by 8% per annum, with Asia accounting for almost 40% of the global market by 2020.

He said: "When we set up our Singapore platform more than a decade ago, there were two syndicates writing a single-digit million-dollar premium. Now we have more than 20 syndicates writing over $500m." All this points to a potential change in the location of the world's insurance centre.

But London has also grown. During the same visit, Nelson pointed out how large firms were still relocating their offices to London. He said: "Aon moved its headquarters from Chicago to London in 2012, in part because it wanted to be closer to Lloyd's."

So what does the future hold for Lloyd's of London? London is not the only insurance hub in the world and, as the global economy expands, with Asian economies continuing to outperform their Western rivals, there is speculation the insurance industry will relocate to the East.

Indeed, Matthew Cannock, principal officer and managing director of Markel, admits there is much London can learn from its Asian counterpart. He says: "Lloyd's of London is the world's leading wholesale insurance and reinsurance market. But what is not so important [in London] is the ability to understand the business at a granular level, and to actually relate to individual assureds, their businesses and the challenges they face."

Conversely, Lloyd's Asia is much more of a retail market where it is necessary to be more client focused and more responsive to individual clients' needs, Cannock adds. "Syndicates in Asia must focus on the end user if they are to be successful," he says. "There is much less emphasis in Asia on whether the market is hard or soft – syndicates in London can learn about knowing their ultimate customer [and focusing less on market movements] from Asia."

Meanwhile, Jonathan Moss, partner at DWF Fishburn, says another positive about the Singapore market is its dynamic nature: "As an emerging economy, Asia identifies a growth area and adjusts itself accordingly and quickly. That's where London could learn from it.

"Asia is exhibiting a flexible approach to insurance innovation, with less of a focus on traditional practices.

This means it can successfully [interpret] London's age-old insurance processes, transforming them so they fit with the cultural and social characteristics of the region."

This capability is part of what makes Asia a potential London rival.

Developing expertise

But Singapore has yet to develop the necessary expertise to become a market leader – something Moss believes will stymie any aspirations it may have of becoming a global insurance hub. He believes London's biggest asset is its vast army of skilled insurance professionals: "London has operated for hundreds of years, so it has developed a specialist employment platform area to recruit and train people who work in insurance."

Moss cites Lloyd's proximity to other London-based world-class professional bodies – such as the Chartered Insurance Institute, which has developed qualifications and continuing professional development for insurers – as another string to its bow. He adds that, as a visiting lecturer in insurance law, he has yet to meet an Asian counterpart with the same status.

Market commentators point out that there is quite a high turnover of staff in Asia and, as costs have risen in Singapore [and Asia in general], insurance may not necessarily seen as a long-term career option for some.

However, London's large talent pool and Asia's developing professional market are not necessarily mutually exclusive. In fact, Cooper Gay Asia Pacific regional MD Stephen Britten believes the two hubs could complement each other in terms of sharing business capabilities. "Lloyd's Asia has grown to enable underwriters to be closer to their clients and the business," he says. "They are closer to the source, whereas London, in receiving in business worldwide, is perhaps more of a wholesale market. In Asia, one can argue the underwriters are more directly in touch with the risk. There is more immediate contact and hopefully a quicker response and service."

This means London syndicates setting up in Asia can utilise the region's proximity to clients to inform their own services. As Britten comments: "Lloyd's wants to market more directly to the source, and has set up service companies [in Asia] with the syndicates to make that happen." This could mean that, rather than losing its competitive edge, London may end up delegating some of its former specialisms to its Singapore-based counterpart.

In fact, Moss believes Lloyd's Asia could have the edge in certain areas in the future – a development that would be useful for London firms looking to expand. He says: "Singapore has the potential to specialise as a shipping, offshore and onshore energy and cargo marine centre."

Liability, contingency, crisis management, financial and political risks and construction for infrastructure are cited as potential future markets for Asia. This is particularly pertinent because these areas are all set to grow over the next few

years – partly due to the work of the Monetary Authority of Singapore, which has flagged a number of priorities to help it deliver on its commitment to making the country the epicentre of the regional insurance market, as Ian Stewart, corporate insurance partner at Clyde & Co in Singapore, explains.

Stewart says these priorities include increasing supply-side capacity, promoting insurance demand both locally and overseas, expanding the broker network and developing Singapore as a centre of innovation of services. He says: "Those looking to operate in Singapore no longer need to establish a branch or subsidiary company. The introduction of a streamlined procedure allows for the setting up of a representative office – entailing no capital requirement. The move is intended to provide greater flexibility to reinsurers and, thereby, protect Singapore's position as the leading reinsurance centre in the region.

"The MAS was responsible for the concessionary 10% rate of corporation tax on offshore insurance fund business – which, coupled with Singapore's efficient infrastructure, strategic location, sound regulatory framework, political stability and trained workforce, makes the country an attractive centre for professional reinsurance companies and brokers to develop and service regional clients.

"Although the bulk of Lloyd's business will continue to come from the US and Europe, Asia remains an important and growing market. With concerns in London over the increasing burden of regulation, Singapore may emerge as an increasingly attractive alternative," he adds.

Role of regulation

However, regulation is not the only concern for the UK – it is playing an increasingly large role in Singapore, in the form of the Singapore Insurance Act of 1967. Moss explains: "In 1967 the Act didn't have relevance. But in a globalised economy it might. For example, Section 35 (w) stipulates the person is registered by the authority to work in insurance – but only to work within their particular insurance specialism."

The Act states: "No person shall carry on business as any type of insurance broker in Singapore unless (a) the person is registered by the Authority as that type of insurance broker or (b) the person is exempted from registration under section 35ZN."

Moss points out the legislation has not yet been tried and tested through in courts, so "it will be up to MAS to have the last word – and we don't know what that will be."

Regulation aside, other potential pitfalls include cultural differences. "Asian business is conducted in a different way from Europe or Northern America," says Moss. "There is a culture of keeping face, which may mean that a deal that appears to be done may in fact not be. Politeness may mask problems."

Cannock, meanwhile, says although broker facilities are one of the key competitive advantages of the Lloyd's platform, it is important to remember the most successful broker platforms are those that have evolved from a need for a particular product in a particular market: "[Insurers] will not generate business just by being there, but I expect more London entities to look seriously at creating a Singapore operation as a viable extension of their operations in London. However, nowadays a retail ability is required, and that is not attractive to many syndicates."

David Coupe, principal of law firm EC3 Legal, warns that the last word may go to China: "While Singapore and Hong Kong are established, well regulated and doing extremely well at present, over the next 10 to 20 years, China's financial influence upon the Far Eastern economies will undoubtedly grow to the extent that it may even become truly dominant in the region.

"This economic growth has seen the Chinese insurance market expand exponentially, and the huge opportunities for brokers and underwriting agents are clear to see. The need in China for expertise and new products – as well as access to Western markets – will see many brokers follow in the footsteps of the likes of Willis, Marsh and Aon. We will no doubt see Beijing and Shanghai become major financial centres like London and New York."

For now, it seems as though London will continue to be home to the world's global insurance hub – but perhaps with one eye trained on the Far East.

Brainteasers

#1

Once upon a time, an old lady went to sell her vast quantity of eggs at the local market.

When asked how many she had, she replied:

Son, I can't count past 100 but I know that -

If you divide the number of eggs by 2 there will be one egg left.
If you divide the number of eggs by 3 there will be one egg left.
If you divide the number of eggs by 4 there will be one egg left.
If you divide the number of eggs by 5 there will be one egg left.
If you divide the number of eggs by 6 there will be one egg left.
If you divide the number of eggs by 7 there will be one egg left.
If you divide the number of eggs by 8 there will be one egg left.
If you divide the number of eggs by 9 there will be one egg left.
If you divide the number of eggs by 10 there will be one egg left.

Finally, if you divide the number of eggs by 11 there will be NO EGGS left!

What's the minimum number of eggs that the old lady could have?

#2

It is easy to express 2004 as the sum of distinct positive numbers comprising the same digits:

2004 = 725 + 752 + 527 or
2004 = 617 + 671 + 716 or
2004 = 509 + 590 + 905.

It is harder to write 2003 as the sum of distinct positive numbers with the same digits.

What are they?

Note: If you want the answers for this issue's brainteasers, please feel free to email Zi at ZiXiang.Low@milliman.com

Answers for last issue's brainteasers:

#1

Florence Oak won.
The first letter of each word in a line of Dr. Riddler's speech spells out the numbers One, Two, and Three.
The next number being Four means that Florence Oak is the only person who could've won.
His last line would have been: Florence Oak: Ultimate Riddler!

#2

They are all square numbers:

100307124369 = 316713^2
111824028801 = 334401^2
433800063225 = 656635^2

The sums of their digits are square numbers:

1+0+0+3+0+7+1+2+4+3+6+9 = 36 = 6^2
1+1+1+8+2+4+0+2+8+8+0+1 = 36 = 6^2
4+3+3+8+0+0+0+6+3+2+2+5 = 36 = 6^2

The sums of their digit pairs are square numbers:

10+03+07+12+43+69 = 144 = 12^2
11+18+24+02+88+01 = 144 = 12^2
43+38+00+06+32+25 = 144 = 12^2

The sums of their digit triplets are square numbers:

100+307+124+369 = 900 = 30^2
111+824+028+801 = 1764 = 42^2
433+800+063+225 = 1521 = 39^2

The sums of their digit quadruplets are square numbers:

1003+0712+4369 = 6084 = 78^2
1118+2402+8801 = 12321 = 111^2
4338+0006+3225 = 7569 = 87^2

The sums of their digit sextuplets are square numbers:

100307+124369 = 224676 = 474^2
111824+028801 = 140625 = 375^2
433800+063225 = 497025 = 705^2