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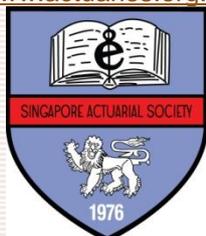
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Editorial

This week sees Kuala Lumpur hosting the 2011 EAAC. It is good to see many participants from Singapore in the delegates list in what is always a colorful and well organized event. Please participate in the closing ceremony to ensure that the Singapore 'finale' is truly memorable.

The event is helpful towards CPD credits. As we come to the close of the year please do not forget to register your CPD credits that are now an expected requirement for all actuarial bodies.

Finally we close the month with the long awaited social event to Tiger Brewery. From all accounts the previous trip was memorable so please register early to avoid disappointment.

I look forward to seeing many of you in Kuala Lumpur later this week.

Richard Holloway

Message from the President

In September, I had the pleasure of addressing the students of NTU's Quantitative Finance and Actuarial Science Club. As always, I'm very impressed with the quality of students coming out of the universities and find it a very rewarding experience. If you get the chance to go back and visit as an alumni or a non-alumni, I highly recommend that you take it.

We also held the first joint SAS – SOA (International Section) Ethics Forum hosted by Colin Priest and Colin Pakshong. Lively debate ensued as these issues are not always black and white.

Planning has started on the EAAC 2013 and I hope to see you all in Malaysia for the 2011 EAAC.

Jill Hoffman



Upcoming Events

Date	Event	Location	Contact
10 th – 13 th Oct	The 16 th East Asian Actuarial Conference	Kuala Lumpur	David Goh: admin@actuariesasia.org
14 th Oct	SAS Lunchtime Talk: Mr Philip Scott, “Risk Management”	Tower Club, Andaman Room, Republic Plaza Tower 1	Patsy Lau: admin@actuaries.org.sg
17 th – 18 th Oct	1 st Asian Captives Conference	Royale Chulan, Kuala Lumpur, Malaysia	Ms Wee Ling: weeling@asiainsurancereview.com
19 th – 20 th Oct	7 th Asian Conference on Pensions and Retirement Planning	Royale Chulan, Kuala Lumpur, Malaysia	Ms Loga: loga@asiainsurancereview.com
24 th – 26 th Oct	Asia Risk Congress 2011	Four Seasons Hotel, Hong Kong	Asia Risk: http://www.asiariskcongress.com
24 th – 28 th Oct	3 rd Asian Investors’ Corporate Governance Conference	Raffles City Convention Centre, Stamford Ballroom	Pauline Soh: pauline@sias.org.sg
28 th Oct	Tiger Brewery Tour	Tiger Brewery, Singapore	Annette King: Annette_king@manulife.com
30 th Oct – 2 nd Nov	11 th Singapore International Reinsurance Conference	Marina Bay Sands, Singapore	SIRC: http://www.sirc.com.sg
3 rd Nov	Appointed Actuary Symposium 2011	Amara Hotel, Singapore	Patsy Lau: admin@actuaries.org.sg
6 th – 8 th Nov	12 th China Rendezvous: “Effective Reinsurance Solutions to Meet the Rising Need for Protection”	Sheraton Chongqing Hotel, Chongqing, China	Ms Jennifer Chee: jennifer@asiainsurancereview.com
8 th – 9 th Nov	7 th Insurance Executives’ Summit for Strategy, Operations & Technology 2011	Imperial Palace Hotel, Seoul, South Korea	Ms Wee Ling: weeling@asiainsurancereview.com
20 th – 22 nd Nov	Accident Compensation Seminar	Brisbane, Australia	Emma Simonson: emma.simonson@actuaries.asn.au
2 nd Dec	SAS Bowling Night	Marina Square SuperBowl	Annette King: Annette_king@manulife.com
19 th – 21 st Feb 2012	14 th Global Conference of Actuaries	Mumbai, India	Aparajita Mitra: aparajita@actuariesindia.org

Council Update

The 16th East Asian Actuarial Conference (EAAC) was held in Kuala Lumpur Malaysia from 10 to 13 October 2011. The event theme for this year was “Venture into Uncertainty, Capture Opportunities!”. Amidst the uncertainties surrounding the economic and sovereign debt situation in the west, this conference came very timely to bring many great minds together to share ideas, challenges as well as inspirations. We would like to congratulate the Actuarial Society of Malaysia for their great success in organizing this event. Singapore Actuarial Society will be hosting the next EAAC event in 2013. We look forward to your continued contributions and support.

This month we have sent out the Continuing Professional Development (CPD) reminder to all Fellows members who have yet to submit their CPD

declarations for this year. If you have not done so, you can either submit your records via the website or through the CPD form to Patsy. For members who have already submitted their CPD hours but still received the letter from us, please write to Patsy and me so that we can verify your submission. Our current CPD tracking system is still rather manual and is not 100% error proof. We seek your understanding and patience during this period as we look into how we could improve the process.

We welcome any feedback and suggestions on how we can serve you better in the SAS. Please email me at secretary@actuaries.org.sg or Patsy Lau, our Administrative Executive, at patsy@actuaries.org.sg for any SAS matters.

Raymond Cheung



Committee Reports

• Life Insurance

We have finalised the list of speakers for the AA symposium and will be sending out the registration form before the end of the week. The mortality workgroup

Koo Chung Chang

has completed the mortality report, a copy of which has been circulated to the council.

• Health Insurance

October sees the culmination of a number of Health Insurance Committee projects.

Samuel Tan and Leong Siao Wearn completed a survey of East Asian Actuarial Conference (EAAC) members on Public-private Health Care Financing Partnership. 7 EAAC members responded to the survey, and Samuel has prepared an analysis of the results, which he will present at the 16th EAAC to be held in Kuala Lumpur, Malaysia, on 12 Oct 2011.

Joanna Tan, Roy Boo and Gideon Tan completed an analysis of Ministry of Health (MOH) data put up on the MOH website, up to 2009. They will present the results

Chi Cheng Hock

of their analysis at an SAS Forum before the end of the year.

As you are aware, the HI Committee conducted a survey of SAS members on their involvement and interest in health insurance matters in September. Roy Boo has compiled and analysed the returns, and the findings will be published in the next SAS Newsletter. We thank all those of you who responded to our survey.

Besides these HI Committee projects, in August, the SAS Council approved the organisation of the 3rd Health Insurance Conference to be held in May 2012. The organising committee is chaired by Colin Chan and co-chaired by Alvin Fu.

• General Insurance

It has been a quiet couple of months from the GIC into the monthly updates, but things have been progressing in the committee.

Two main items to discuss this month:

- 1) As discussed at the conference in May and subsequent updates, we would like to run some working parties with possible presentations at the conference next year. We have selected some topics from those submitted as shown below:
 - a. An analysis of motor claims for the GIA
 - b. Claims inflation trends
 - c. Defining potential Natural Catastrophe Large Loss stress test parameters
 - d. Benchmarks for PAD or allocation of PAD among different accident years
 - e. Stress test guidance
 - f. An update to the General Insurance guidance notes

If you are interested in joining any of these groups, please let me or **Patsy** know and we will coordinate the members.

Matthew Maguire

- 2) A 'round-table' discussion between the MAS and the certifying actuaries on the current Stress Test analyses for General Insurers and thoughts for the future. This is expected to be held in mid-November with more details on dates and location to be circulated later this month. This discussion is likely to cover:
 - a. How the 'Large Loss Scenarios' are generated and what considerations should be made
 - b. How to engage non-actuaries in the process
 - c. A review of a presentation made by the MAS to the GIA late in October

So please consider the working parties and whether you would like to help out. From personal experience, I find these groups a great way to meet new people in the industry while gaining new experiences and learning at the same time.



New Members

Fellow Membership:

CHENG Min Hung, AXA Life Insurance Singapore
CHAN Mei Eng, Tokio Marine Life (*Upgraded*)
GOH Kang Li Candy, Tokio Marine Life (*Upgraded*)

Associate Membership:

Nil

Ordinary Membership:

CHEW Tuck Hua Jacky, Munich Re
LIM Choon Yong Aloysius, Gen Re
ZHANG Yilu, NTUC Income Insurance Co-operative
Gan Yu Hock, Tokio Marine Life (*Upgraded*)

Student Membership:

LIU Jiang, National University of Singapore
OON Wei Ying Chmel, NUS/ANU

News & Articles

• General News

Insurance plans: Which are best for your family

Today Online, 24 September 2011

When it comes to planning for our families in the event of our untimely death, it seems that Singaporeans are grossly under-insured in basic life protection.

A study by the Life Insurance Association of Singapore in 2007 found that the average policyholder is under-insured by a significant 75 per cent or as much as S\$362,000. The study found that the average worker had only S\$118,000 in life cover, when what they actually needed was closer to S\$480,000.

The reasons for underinsurance may be due to a lack of understanding of the options available and how much coverage is needed. It is therefore important to start off by addressing several key issues when it comes to life protection.

The difference between whole life and term plans

Firstly, many consumers believe that protection is costly and may not be aware of the difference in whole life plans and pure term protection plans. Whole life plans combine an element of protection and savings while a term protection plan has no savings element and its primary focus is to provide a benefit to the policy beneficiary in the case of death. This means that term protection plans can be significantly cheaper than whole life plans for the same level of death protection.

Think about your investment priorities

Next is the question of perceived purchase priorities. As a consumer, would you rather buy a new electronic gadget today and defer buying your insurance plan to next year, or buy your insurance plan today and buy your new gadget next year?

Buying an insurance policy does not bring about the same level of immediate gratification as buying the latest electronic gadget and, therefore, the emotional drive to take positive action to buy your insurance plan is often lacking. Unfortunately, the drive to proactively buy insurance often arises too late, such as when an individual is diagnosed with cancer or has suffered their first heart attack.

By this time, the cost of insurance is likely to be significantly higher, if available at all. Ask someone who has just lost a major breadwinner in the family whether they wished they had bought the new gadget or spent the money on a term protection plan? Many will probably say the latter.

Find out how much cover is needed

Another reason for under-insurance is the lack of understanding of how much cover is actually needed. Most think that owning one or two life insurance policies which give them some basic life coverage in the range of S\$100,000 to \$150,000 is sufficient against any unforeseen circumstances.

The reality is that this is unlikely to be anywhere near enough for most Singaporeans who earn a regular income. Take an example of a male breadwinner, age 40; earning S\$75,000 per annum, married with two children aged five and seven. In the unfortunate event of the husband's death today, his wife would need to find the financial resources to bring up the two children for at least the next 12 years.

If the couple wished for the children to go to university, the burden would increase the dependency for another 16 years. In addition to funding the children, the wife also needs the financial resources to take care of herself for at least another 20 years.

The loss of income over 20 years amounts to S\$1.5 million which is significantly higher than the S\$150,000 insurance cover many people typically have.

Term or whole life: which comes first?

Whole life insurance combines an element of savings with protection and, therefore, the premiums for whole life plans can be significantly higher than the premiums of pure term protection plans.

The decision whether to buy a whole life plan or term insurance plan, therefore, depends on the individual purchaser's personal circumstances. For those looking primarily for protection and have a limited budget, a term insurance plan is likely to make most sense. For someone who is financially more able, and looking to make a long-term commitment to a regular savings plan with life cover, a whole life plan may better meet their needs.

A sensible starting strategy may be to purchase a term insurance plan with a convertibility option. A convertibility option gives the customer the option in the future to switch their term plan into a whole life plan without the need for further medical questions or medical examinations.

This strategy means that the policyholder can enjoy the peace of mind of knowing that they have adequate life

protection while having the option to switch this policy into a savings plan at a future date when their disposable incomes have increased and they can afford the higher premium.

Protecting your family even when you are ill

Both term insurance and whole life plans can have additional protection coverage added to them. These additional covers are typically referred to as "riders". Riders provide a payout to the beneficiary in case of an unforeseen event.

Typical riders cover events such as disability, critical illness or a prolonged illness. These benefits are referred to as a "living benefit" because the insured is still alive after the insured event and insurance cover pays out to help cover your and your family's needs when you no longer can.

For example, if someone becomes totally and permanently disabled (TPD), they are unlikely to be unable to earn an income. In addition, they might require significant modifications to their home as well as potential physical support in the form of a maid. The TPD rider will pay a lump sum of insurance benefit to help meet some of these costs and loss of income.

Critical illness riders pay out a lump sum if the insured suffers from a pre-defined critical illness such as cancer or a heart attack.

Once again, the lump sum paid can help cover the loss of income and medical costs associated with treatment, giving the insured the peace of mind to focus of his treatment and recovery.

Ultimately, it is crucial that Singaporeans understand the importance of a sufficient level of insurance coverage, without which, one might leave their dependents financially strapped in the event of an untimely death, critical illness or disability.

Glenn Williams is the chief executive officer of AXA Life Insurance Singapore.

The Demand for Actuarial Talent in Light of Solvency II

Star Actuarial, 23 September 2011

When the Solvency II directive was published in 2009 there was speculation about the impact it would have on actuarial jobs, and with just over a year to go until the legislation takes full effect employers and recruiters have been seeing the effects for some time.

The Migration Advisory Committee (MAC) published their Skills Shortage report this month, and working in

conjunction with the Institute and Faculty of Actuaries, PWC and a major insurance company to determine the level of demand from actuarial talent, have identified a shortfall of experienced candidates for actuarial jobs.

From this report, it is clear that Solvency II is already having an effect on actuarial jobs in the UK, producing a demand for talent which is not currently being met by



candidates. The recommended inclusion of this profession on the skills shortage list would create a larger supply of potential candidates for these roles.

Actuaries play a crucial role in modelling and planning for risk management and capital adequacy, and the Institute and Faculty of Actuaries explained that insurers are investing heavily in this area ahead of the Solvency II legislation coming into play fully in 2012. As a result, those with experience are enjoying an increase in choice of actuarial jobs and opportunities. The insurance company consulted by the MAC reported a 30 to 40% rise in demand for talent and confirmed that openings for experienced actuaries are the most difficult to fill, suggesting a favourable market for candidates. The high salaries on offer for certain roles also reflect this - annual packages in excess of GBP 200,000 and daily rates in excess of GBP 1,000.

The demand means that niche recruitment companies with experience and contacts in this sector will play a vital role in helping businesses connect with and attract talent.

Louis Manson, Managing Director of Star Actuarial Futures, a specialist actuarial recruitment company, commented: "Solvency II has created huge demand for actuarial and risk management skill-sets. We do not envisage any let-up in this demand during 2012. Our advice to companies: Be decisive and positive in your Solvency II appointments. Our advice to candidates: Find a role that will give you the maximum opportunity to learn and influence during this key period for the insurance industry."

Foreign insurers bullish on Asia

The Philippine Star, 13 September 2011

Foreign insurers are extremely bullish over the Philippine and Asian markets as seen from their expansion plans as well as major capital outlays.

Manulife Philippines has already applied for the right to market microinsurance products while Prudential Corp. Asia (PCA), the Asian principal of Pru Life UK (Philippines), has formed a strategic alliance with Turner Corp. for a financial literacy cartoon and musical in the region.

"Asia is the growth engine of the world today. All eyes are focused on the Philippines, on Asia" Philip J. Hampden-Smith, executive vice president and general manager for South East Asian operations of Manulife Financial, said.

"Roughly half of our business is in Asia," Barry Stowe, PCA chief executive officer, said.

In separate briefing with the heads of the leading foreign financial and insurance players in Asia, Stowe and Hampton-Smith made it clear that the potential for growth for Asia remains unlimited, and that they were moving aggressively in meeting the challenges.

Hampton-Smith said that Manulife has not fully tapped the overflowing wealth in Asia despite managing billions of dollars in assets under management (AUMs) last year.

Thirty-five percent of its business is generated from Asia, and its Southeast Asian market already accounted for \$10 billion of regional AUMs.

The Manulife regional chief executive emphasized the importance of developing strong partnerships and alliances, and that includes partnerships with bank and non-bank financial institutions.

For example, its Philippine operations formed a joint venture bancassurance company with China Banking Corp. that has 200 financial sales associates (advisers) located in the 240 branches of the bank.

It has several broker agreements, and an agency force of 2,700. It has already tapping the distribution potential of microfinance institutions (MFIs) including cooperatives in Southern Philippines.

In Vietnam, Manulife manages 10,000 agents and 14 bank alliances. "We already have 100,000 microinsurance policies," David T.W. Wong, Manulife Financial senior vice president and in charge of Malaysia, Philippines, Thailand and Vietnam, said.

In Indonesia, it runs 7,000 agents, an extensive tele-marketing program, and 15 bank alliances.



"Indonesia has led the charge for Manulife in Southeast Asia. It is the largest and fastest economies in the region," Hampton-Smith said.

For the Toronto-based financial giant, Singapore offers different opportunities. While it manages an agency force of 1,000 and four bank alliances, the market is considered high network when compared to the rest of the Southeast Asian region.

"But it has a huge source of talent that re-enforce our regional operations," he told The STAR.

Manulife Philippines reported recently a 75-percent growth in new business and 46-percent growth in total premiums in the first semester of 2011. It continues to make a strong case of keeping its place in the top 10 life insurers in the country.

Meanwhile, PCA revealed that it tapped 12 million life insurance customers in the region across the 12 countries in the region. That also translates to 350,000 agents and several dozen of bank and non-bank alliances.

In the first semester of 2011, new business in Asia grew by 17 percent to 465 million UK pounds, while 43 percent of its business profits emanated from Asia.

"Asia is the engine of growth for Prudential, and the Philippines is an integral part of our Asia strategy," Stowe said.

In the first six months of 2011, its Indonesia business grew by 21 percent to 158 million pounds. "Our agency force of over 100,000 is in fact 60 percent of the Indonesia's entire agency force," the PCA chief executive said.

In the same period, its Hong Kong operations grew by 20 percent (151 million pounds), Singapore by 14 percent (103 million pounds), Malaysia by 12 percent (91 million pounds), Taiwan by eight percent (59 million pounds), Korea by seven percent (55 million pounds), India by six percent (47 million pounds), China by five percent (35 million pounds), and the combined Philippine/Vietnam/Thailand operations by six percent (44 million pounds).

Pru Life UK (Philippines) reported a 40-percent expansion in new businesses or premiums in the first semester of 2011.

Total premiums rose by nearly 68 percent, or from P3.1 billion in the first six months of 2010 to P5.2 billion this year.

Last year, it finally barged into the top five life insurance companies in terms of total premiums.

Few insurers planning for climate change

Reuters, 1 September 2011

Only one in eight insurers has a formal policy in place to manage climate risk, despite rising evidence that environmental changes are exacerbating insurers' disaster losses, according to a coalition of public interest groups.

The coalition, Ceres, looked at 88 filings from six states by insurance companies, using a form developed by the National Association of Insurance Commissioners. Ceres said it was the first-ever effort to quantify how U.S. insurers manage climate risk in their day-to-day operations.

Despite the broad lack of a formal policy, Ceres said insurers generally acknowledge the problem of climate change and the effect it can have on their business.

"Even those insurers with no formal climate policy, no climate risk management structure and a stated belief that the company is not vulnerable to the effects of

climate change still name perils that may be affected by climate change 20 percent of the time," Ceres said in its report.

Of the 11 companies with formal climate policies, two -- Prudential Financial and Genworth Financial -- are life insurers. The rest are mostly multi-line insurers or reinsurers. Among them are ACE Ltd and AIG's Chartis unit.

The Ceres report comes as insurers start paying claims for last week's Hurricane Irene, which broke flood records across the U.S. Northeast, and as they look to the Atlantic for the approach of what may become Hurricane Katia.

Because of the potential for hurricanes to cause sudden and huge losses in the United States, Ceres said the insurance industry is especially focused on how climate



change will affect hurricane exposure, potentially at the expense of studying the impact on other common perils.

Some insurance companies have taken a public stand on climate issues, particularly home and auto insurer Allstate, which has warned that recent severe weather is part of a permanent change in the environment, and German reinsurance heavyweight Munich Re.

Ceres recommended that all states make the National Association of Insurance Commissioners disclosure form mandatory and public, and that they adopt the model of California insurance regulators, who put together detailed guidelines on how to fill out the form.

Ceres describes itself is a national coalition of investors, environmental organizations and public interest groups.

Report by Ben Berkowitz

Brainteasers

#1

Mr Butcher, Baker, Carpenter and Plumber are currently attending an annual convention. No-one is currently, nor ever has been in the same profession as their name and no-one has had the same profession twice. Charlie has never been a carpenter and Mr Butcher is now a plumber. Dave used to be a butcher,

whereas Mr Brian Baker never has. Mr Plumber is not called Eddie and Mr Carpenter did not used to be a butcher. Can you determine the full names of each of the attendees, along with their current and previous profession?

#2

Decapitate me and all becomes equal. Then truncate me and I'll become second. Cut me front and back and I become two less than I started.

What am I?
(Guess a word)

Answers for last month's brainteasers:

#1

$$\begin{array}{r}
 8 \\
 \hline
 3 - \frac{8}{3}
 \end{array}$$

#2

A Cold.