SAS Monthly

Issue No. 2 | July 2011

Contents

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Editorial

As a UK Fellow it is now a requirement to attend a Professionalism Course every ten years. Fortunately the SAS was responsible for holding such a course in Singapore and it was good to join close to 20 other experienced actuaries to undergo the 'refresher'. In addition to reminding ourselves of the requirements of the IAA Code of Conduct and to discuss Professionalism and Ethics, it was good to hear thoughts from three guest speakers, two of whom were lawyers.

Within Singapore it is often good to remind ourselves of some of the professional requirements within our own Society. In particular over several years SAS has developed various Guidance Notes that are there to support actuaries interpret various legislation and regulations. It is good practice for us all to remind ourselves of the content and purpose of our Guidance Notes and to maybe make constructive feedback on how they can be improved and enhanced. As a member of the Life Insurance Subcommittee of the Indian Actuarial Society (which has well over 20 guidance notes!) it is interesting to see how the actuaries place significance reliance on the various guidance notes and how they review and update the content on a regular basis.

Thank you for the continuing contributions to the newsletter. I am pleased to see several photos this month, a trend which will hopefully continue.

Richard Holloway

Message from the President

I write this update with the Quiz Night pending in a couple of hours, and being in the mood for trivia, I will give some about the SAS.

- It was founded in 1976 by 16 people
- Singapore is the only location outside of the UK and Ireland that hosts the Professionalism Course for Experienced Actuaries
- The 2010/2011 Council year was the first time there was an all female Executive Council
- There is a building in Toa Payoh called "The Actuary"
- The initials SAS also stands for Special Air Service, Scandinavian Airlines System, and here in Singapore, Society of the Aged Sick

As always, any questions, concerns or volunteering opportunities you wish to partake in, please contact me directly.

Jill Hoffman

Upcoming Events

Date	Event	Location	Contact
15th Aug 2011	Actuarial Society of Hong Kong: "New Mathematics for Stochastic & Risk Management Work" – Dr Frank Ashe	Novotel Century Hong Kong Hotel	Emily Lye: actuaries@biznetvigator.com
18th Aug 2011	SAS Afternoon Talk: Colin Priest	The Executives' Club #33-01, OCBC Centre	Patsy Lau / Choo Oi San
25th Aug 2011	SOA: China Variable Annuities Seminar	Renaissance Shanghai Pudong, China	Raymond Zhang: raymond.zhang@mci-group.com
29th – 30th Aug 2011	SOA: International Financial Reporting for Insurers	InterContinental Grand Stanford, Hong Kong	SOA: www.soa.org
11th – 14th Sep 2011	Pacific Insurance Conference	Marina Bay Sands, Singapore	Secretariat: 25thpic@pacificinsuranceconference.org
27th Sep 2011	Asia-Pacific 2011 Pension Forum	Island Shangri-La, Hong Kong	ASFA Events: +612 9264 9300
10th – 13th Oct 2011	The 16th East Asian Actuarial Conference	Kuala Lumpur	David Goh: admin@actuariesasia.org
20th – 22nd Nov 2011	Accident Compensation Seminar	Brisbane, Australia	Emma Simonson: emma.simonson@actuaries.asn.au
Nov/Dec 2011 (TBC)	Appointed Actuary Symposium 2011	Singapore	Patsy Lau
19th – 21st Feb 2012	14th Global Conference of Actuaries	Mumbai, India	Aparajita Mitra: aparajita@actuariesindia.org

Recent Events

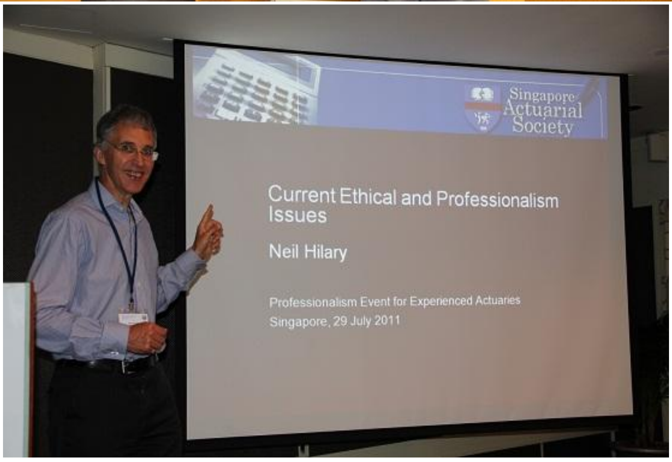
Joint Professionalism Course and Professionalism Event for Experienced Actuaries

The Joint Professionalism Course (JPC) was held from 26 – 28 July 2011 at the Singapore Management University (SMU). A professionalism course is usually the final requirement to achieve Associateship or Fellowship. This event was organized by the Singapore Actuarial Society on behalf of various international actuaries bodies including the Casualty Actuarial Society (CAS); the UK Institute & Faculty of Actuaries and the Institute of Actuaries of Australia. It was another successful running of this annual event which saw 18 participants attend the course. The course was divided into an Associateship Professionalism Course (6 participants) and a Fellowship Professionalism Course (12 participants). The course included people from Malaysia as well as Hong Kong, Taiwan and China and covered multiple practice areas. The course coordinator was again Neil Hilary from the UK Actuarial Profession and he was assisted by Scott Yen representing the CAS and Andrew Linfoot & Cheung Kwok Kei from the SAS. The guest speaker at the Fellowship Dinner was Gavin Maistry and Jill Hoffman delivered the closing remarks for the course.

The Professionalism Event for Experienced Actuaries was held on 29 July 2011 at Swissotel The Stamford. The objective of the course is to help experienced actuaries maintain and further develop their professional competences. Under the CPD scheme of the Institute and Faculty of Actuaries, it is a requirement for actuaries to attend such a professionalism event every 10 years. The second running of this course saw 20 experienced actuaries gather for the one day session. The course coordinator was again Neil Hilary and guest speakers included David Gerald from the SIAS as well as legal practitioners from the region. Attendees came from Hong Kong, Indonesia, and Thailand in addition to Singapore, and had high praise for the event. This is the only such event available to UK Fellows outside the UK and Ireland, and is another example of SAS' successful partnership with some of the large actuarial bodies.

The SAS Council would like to thank Andrew Linfoot & Cheung Kwok Kei for the great work done in organizing these events. Please see below for some photographs from the events…

Gavin Maistry



Quiz Night

The SAS hosted the Quiz Night on Friday 29th July, following the success of the Quiz Night last year. The attendance this year almost doubled: 60 members and guests attended this event at Artery @ Red Dot Traffic Building in the business district. Free flow of drinks with buffet style dinner was served to the participants.

The quiz game was conducted by an experience quiz master Theo Sanders. The questions are entertaining and educational, covering a wide range of topics, from local to international issues, from movie to agriculture topics, from actuarial to non-actuarial aspects. There were questions like “There is a construction, France failed with 22,000 workers died, but US succeeded with only 6,000 workers died. What is it?” and “What is the name of the bridge that links Marina Centre with Marina South in the Marina Bay area in Singapore?” and “In a 2002 movie, Jack Nicholson starred as an actuary. What movie is it?” and “which year was Zillmer born?”

The event was concluded by the prize presentation. Ms Annette King, the council member of the SAS and the chairwoman of Public Relation Committee of the SAS, presented the prizes to the top winning teams.

The winning teams are:

1st LAPX - Leong Siao Wearn, Xavier Conort, Anne Pan Jin and Parth Khandelwai

2nd B-Team - Loo Boon Teik, Michael Kuek, Eric Ng, Loke Chun Wai, Zhang Xuan and Nick Gabriele

3rd Inquizitors - Lorna McLaren, Patricia Chang, Lee Kin Hoe, Lee Ziwei, Ng Jia Min and Rioma Kam

4th Wendi Deng’s Security Service - Annette King, Mark Nicholls, Andrew Linfoot, Kerrie Neens, Matthew Maguire and Hitesh Shah

It was a great night with lots of fun and networking. Many members and guests provided positive feedbacks about the event (e.g. the quiz master and the venue). The Public Relation Committee of the SAS looks forward to hosting another successful event in the coming year.

Top winning team - LAPX


People are having fun








Committee Reports

• Health Insurance

Be Part of the SAS 3rd Health Insurance Conference 2012!

The SAS Health Insurance conference is one of the most well received conferences organised by the SAS with about 100 delegates from various countries attending. We are looking for volunteers from a diverse range of backgrounds to contribute in the planning, publicity and logistic. If you would like to be part of making this event a success, please contact **Colin Chan**

Colin Chan

• Life Insurance

AA Symposium

We have started planning for this year's major event for the Life Sub-comm - the AA Symposium. We are now in the process of setting the theme for this year as well as inviting speakers for the event. We are also looking at some possible dates for the events. Once more details are available we shall inform the SAS, possibly through a "Save the Date" flyer for an early heads-up.

Guidance Notes Awareness

The committee is continuing its effort in increasing the awareness and the enforcement of the guidance notes. To this end we are exploring the possibility leveraging on the SAS newsletter. We are now discussing on the best possible way to execute this.

Koo Chung Chang

There were no updates from the other committees for the month of July.

News & Articles

• General News

Swiss Re: China to Become Second Biggest Insurance Market

AFP News, 06 July 2011

China is expected to become the second-biggest insurance market in the next 10 years, reinsurer Swiss Re said on Wednesday, noting that the Asian giant posted growth of 26.2 percent in 2010 premiums.

"The global market share of emerging countries is expected to continue to increase strongly from today's 14 percent over the next 10 years," said the reinsurer in its study on the insurance industry.

"China is likely to become the second largest insurance market within a decade," it added.

The Asian giant is now the ranked sixth, with insurance penetration at 3.8 percent, far below the 10.1 percent in Japan, 10.5 percent in France and 12.4 percent in Britain.

Overall, global life insurance premiums were up 3.2 percent at $2.52 trillion in 2010, while non-life premiums increased by 2.1 percent at $1.82 trillion.

"The economic recovery should continue and bolster premium growth in the life and non-life sectors globally in 2011," said the reinsurer.

Reported by Michele Liminia

Financial Safeguards for Public

MyPaper, 29 July 2011

The Monetary Authority of Singapore (MAS) is introducing stronger measures and enhanced requirements to safeguard further the interest of consumers.

From Jan 1 next year, financial institutions will need to formally assess a retail customer's investment knowledge and experience before selling him certain investment products.

As part of the assessment, customers will be asked about their educational qualifications, investment experience and work experience.

The new requirements will apply to Specified Investment Products (SIPs). These products are likely to contain derivatives, and may have features and risks that can be more difficult for retail consumers to understand.

Examples include structured notes, exchange-traded funds, exchange-traded notes, investment-linked insurance policies, warrants and options, futures, and certificates.

For listed SIPs, financial institutions must conduct a Customer Account Review to ascertain whether the customer has the relevant knowledge or experience to understand the risks and features of complex structures or derivatives, before approving his account to trade such products.

In the case of unlisted SIPs, a Customer Knowledge Assessment must be conducted to gauge whether the customer has the relevant knowledge or experience to understand the products' risks and features.

The financial institution will have to inform the customer if the assessment shows that he does not have the relevant knowledge or experience. If the customer still wants to proceed with the transaction, the institution must advise him accordingly, said MAS in a statement yesterday.

MAS said that it will not allow "execution only" service in such cases.

And before the customer is allowed to proceed with the transaction, safeguards, such as a lower trading limit than what the institution would otherwise have imposed, will be put in place, said MAS.

The new requirements will be applied to both new and existing customers.

Said MAS in the statement: "We aim to ensure that intermediaries recommend suitable investment products to customers, particularly those who may not have the relevant investment knowledge or experience."

The new requirements come after MAS published a consultation paper on the Regulatory Regime for Listed and Unlisted Investment Products in January last year, which asked for feedback from the public.

In line with the new requirements, all representatives who deal in or provide advice on SIPs must now pass additional examinations on product knowledge and analysis, said MAS.

The authority is working with the Institute of Banking and Finance and the Singapore College of Insurance to introduce the additional examinations by the end of the year.

A transition period of five months will be provided for financial institutions to put in place the necessary processes to meet the requirements, MAS said.

"In the meantime, intermediaries intending to sell SIPs should start adopting the proposed measures as good practice in conducting business with customers," said MAS.

The authority has also issued a guide to help consumers understand the requirements and what they can expect from their financial institutions when purchasing SIPs.

Insurance Needs: Put Your Family First

TODAY, 30 July 2011

The birth of a child brings so much joy but, at the same time, a lifetime of commitment and responsibility. As parents, we want to provide for our children the best we possibly can. This requires proper planning.

While you probably have some insurance planning in place, how do you know if your current insurance plans can adequately protect your new family member?

In the 2011 AIA Singapore Nationwide Protection Survey which polled over 1,000 Singaporeans on their perceptions and concerns about protection, close to six in 10 Singaporeans believe they have done well to prepare for their dependents' financial protection needs. However, in reality, fewer than two in 10 actually are.

In addition, the poll revealed that 74 per cent of Singaporeans have discussed their financial protection needs with their spouse, but only close to half are aware of all details pertaining to their spouse's life insurance policies.

Married Singaporeans are not having the right conversations about their financial protection needs with their spouse and they need to take action to ensure that the family is sufficiently protected.

When an unexpected event happens, such as their demise or permanent disability, how can parents ensure that their children's financial protection needs will continue to be provided for?

When significant life changes occur, you need to engage in active conversations with your spouse about your family's financial protection needs, and at the same time, to set up a meeting with your insurance advisor to review your current plans and financial situation. You want to be adequately prepared to meet the needs of your entire family - that of yourself, your spouse and your children.

You need to first make sure that you and your spouse are properly insured so that in the unfortunate event of illness, disability or death, the insurance proceeds may be used to secure the family's financial future. After you and your spouse are adequately insured, you may wish to focus on two main priorities for your child: Health and education.

Here are some things to consider:

Planning for medical needs

Young children may, at times, be prone to accidents and sickness. Medical and hospitalisation expenses can be a real strain on the wallet. To address this problem, seek an insurance plan to assist in covering the medical bills and cushion the financial consequences should something unfortunate happen to your child. For example, you may consider a Medisave-approved Integrated Shield plan which can be purchased from private insurers.

A "Shield" plan is a medical reimbursement plan that will help pay the medical bills should your child be hospitalised or undergo surgery. Premiums may be paid from your CPF Medisave account up to S$800 per policy per year. Most plans in the market now provide "as charged" benefits, which may also include coverage for private hospital care.

This means that you can be reimbursed up to the full sum of your child's medical bills less any deductible, co-insurance and subject to the relevant terms and conditions of your plan.

A deductible is a fixed amount you have to pay out of your pocket first before the policy benefits are paid, while co-insurance is a fixed percentage of the medical bill that you have to pay after deducting the deductible amount. You can purchase a "Shield" rider to help cover the deductible and co-insurance portions of your medical bill. Premium payments for such "Shield" riders may only be paid in cash. It is important to discuss with your advisor on the types of "Shield" plan and rider options, and select one that best meets your needs. Do review the terms and conditions carefully.

There are also plans that provide coverage for common child illnesses such as Hand, Foot and Mouth Disease and dengue fever that will also help to pay for your child's medical bills.

Besides a medical and hospitalisation reimbursement plan, you may also want to consider investing in a plan that provides coverage should your child suffer a disability due to an accident or have a serious illness and require long-term medical care. This may cause a huge burden on your family's finances in the long run but, with the right insurance coverage, the payout may help cushion the financial impact.

Planning for education needs

It is every parent's wish to provide the best education for their child. However, quality education, especially at the tertiary level, often comes at a high price. An endowment plan is one way for you to start saving up for your child's education.

An endowment plan is a life insurance plan that provides protection and savings components for a fixed period, such as 18 to 25 years.

As different insurers offer endowment plans of different terms, you should review the available options and select one that is most ideal for your child.

For example, if you purchased a 21-year endowment plan when your child was born, the endowment plan would have built up significant cash value at the end of this period. It is important to note that the longer the term of your endowment plan, the more time there is to accumulate cash value and, therefore, a potentially higher sum of money when the plan matures.

To determine how much you need to save, you should consider where you wish to send your child to for his/her tertiary education - Singapore or overseas, and also consider the inflation rate over the years.

According to the Consumer Minds International Research commissioned by AIA in September 2010, the cost of university education in Singapore and overseas is expected to increase by approximately 20 per cent by 2015, and another 20 per cent in the subsequent five years.

In addition to understanding how much you need to save, you also need to consider the amount of money you can comfortably set aside for the premiums.

Some parents choose to give their child a head start by purchasing life insurance policies that provide the child with death, total and permanent disability or critical illness coverage, or investment-linked policies which help in wealth accumulation, as premiums of such policies are relatively low for children.

Securing your child's future

The responsibility of parenthood goes beyond your child's medical and education needs but they are arguably two of the most important aspects to consider. Hence, it is important to start financial planning for your child as soon as possible.

Make it a point to engage in active conversations with your spouse on your family's protection needs and speak to your insurance advisor on a regular basis, especially when there are major changes in your life, such as the birth of your child. A good advisor will review your portfolio and recommend policies to help meet the evolving needs not only of yourself, but of your entire family.

Written by Paul Hughes

Students Column

The Quantitative Finance and Actuarial Science Club (QFASC) is a student-run organization dedicated to facilitate a strong campus community among the Nanyang Business School's Actuarial Science students. The new management committee has lined up a series of activities for the coming year.

The club will kick-off the year with a one-day orientation camp for the juniors in the first week of school, to allow bonding and sharing. This camp aims to be a platform on which the coming batch of juniors can familiarize themselves with the class, forge valuable and enduring friendships with classmates and interact with seniors through various social activities. We hope that this Orientation session will mark a start of a new episode in their academic lives, not only filled with numbers and equations, but also great camaraderie as company and support throughout the process.

Next up, let's tap into the power of network! Following up is the Actuarial Networking Night where industry professionals, alumni and Actuarial Science students are invited to this event for a special night to build connections. It offers students the opportunity to engage with professionals, learn about careers and most importantly, gain priceless insights into the industry. Alumni could take this chance to reconnect with one another and professionals could share their experiences in the company of good food.

QFASC is also looking forward to its inaugural Actuarial Case Competition which will be held later this year for students to apply their analytical skills and classroom knowledge to critical, real-world situation. The purpose of this competition is to stimulate interest in the actuarial field, provide grounds for students to learn some basic techniques and gain a better understanding of some of the work actuaries do, not just crunching numbers. At the same time, it tests the students' ability to work in teams and trains them to communicate effectively in a business environment.

Definitely an exciting year ahead!

Aaron Wee

Brainteasers

#1
Move one of the digits to make this equation correct:
101 – 102 = 1

#2
You are given two fuses, each of which burns for exactly one minute. However, since the fuses are not of uniform thickness, they do not burn at a uniform rate along their lengths. How can you use the two fuses to measure 45 seconds?

Answers will be provided in next month's newsletter.

Answers for last month's brainteasers:

#1
10 of each of 2 cents, 5 cents, 10 cents and 50 cents.

#2
Words are: LUCKY, LIONS, LLAMA, LASER, LATIN. Final word read down the shaded column: COAST.