

Actuaries' role encompasses policy evaluation and risk advisory

With the dynamic array of demands and challenges faced by the insurance industry today, the actuary's role in the company now exceeds that of a technical advisor. Other than the common responsibilities such as pricing and reinsurance, two speakers spoke about the need to contribute towards evaluating policies and fulfilling the role of risk advisor.

Policy evaluation

Beyond duties of raising the profile of the Singapore Actuarial Society (SAS) and the actuarial profession, **Mr Raymond Cheung** (right), the SAS' Honorary Secretary, also shared with delegates on Singapore's current progress on two fronts: MediShield Life – a revamp of the nation's public insurance scheme, and RBC2 – an updated and strengthened regulatory framework.

The SAS contributed two research papers and had conducted a presentation for the MediShield Life Review Committee (MLRC) to present its assessment and findings on the new recommendations



for MediShield Life, he said. They included:

- The impact on premium, where it was highlighted that while protection and coverage would be significantly enhanced, rising cost is a pertinent concern as it was key to controlling medical cost inflation;
- The impact on product, where it was welcomed as Public-Private Partnerships (PPP) would be enhanced and benefits regulated by the government; and
- Other largely beneficial implications such as increased education and awareness on retirement needs and increased transparency, among others.

Turning to the government's revised regulatory framework, RBC2, Mr Cheung said the SAS had formed an RBC2 taskforce, completed three research papers, and had submitted a written response as well as conducted a presentation to present its findings to the Monetary Authority of Singapore (MAS). In addition, it had held an RBC2 forum with its members to gather comments and feedback.

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Market update



Taiwan

Giving an update on the life insurance industry in Taiwan, **Mr Joe Chan** (left) from the Actuarial Institute of Chinese Taipei, touched on the rapidly ageing population. Between 2005 and 2014, the proportion of those aged over 65 grew from 9.74% to 11.77%. By 2030, this is projected to cross 30% and by 2060, it will exceed 40%.

One of the impacts from the ageing population is that it is bringing about a decline in the sales of life protection products, he said. But it also means that there are opportunities for the industry as the changing demographic creates markets for new products in areas such as long-term care, annuities and reverse mortgages.

China

Dr Lan Wu (right) from the China Association of Actuaries, spoke about the China Risk Oriented Solvency System (C-ROSS) in China which will be implemented in 2015.

- The CIRC stated that the overall objectives are:
- To measure the risks of insurance undertakings, scientifically and comprehensively, in order to calculate a capital requirement that aligns with specific risks within the insurance undertakings' risk profiles;
 - To mitigate undesirable or unintended risk exposures and determine appropriate capital requirements to strengthen the competitiveness of China's insurance industry; to establish an effective incentive mechanism to encourage insurance undertakings to improve the management and control of risks and to promote the robust development of the insurance industry in China; and
 - To actively explore an appropriate model for solvency supervision in emerging markets and to contribute to the development of international solvency supervision.



Hong Kong

Representing The Actuarial Society of Hong Kong, **Mr Simon Walpole** (right) touched on the impact that China is having on the industry in the city.

Hong Kong had close to 55 million visitor arrivals in 2013, with mainland China as the largest visitor source of 40.7 million, accounting for 75% of the total arrivals. From branded goods and consumer products, the impact is now also felt in the insurance industry with mainland Chinese purchasing insurance products in Hong Kong.

The Chinese influence among insurers can be seen from the rise of China Life in the city. From being seventh on the list for new business APE in 2009, it shot to the top of the list in 2013.



Japan

Mr Yoshiaki Maebayashi (left), General Secretary of the Institute of Actuaries of Japan (IAJ) elaborated on the country's current longevity situation and its future direction in lieu of the circumstances.

As of 2010, the old age dependency ratio is 2.6, however this is projected to fall drastically to 1.8 and 1.2 in 2025 and 2060 respectively. Further, almost 70% of elderly household income is dependent on public pension.

Mr Maebayashi said there is an imperative need for private insurers to fill the gap – it is estimated that only 41.3% of the population supplement retirement security through individual annuities or life insurance; about 70.5% have private coverage for medical care; and just 22.7% have sought coverage for long-term care.

In lieu of the circumstances, he shared that Japan's upcoming efforts would be to promote a society and environment for active service, ensuring employment for elderly who wish to continue working; promote self-help efforts such as popularising whole life annuities, medical and long-term care insurance by the private sector; and exploring other risk transfer measures such as capital market solutions.

Actuaries' role (continued from page one)

From technical advisor to risk advisor

Ms Estelle Pearson (right), Senior Vice President of the Institute of Actuaries of Australia also shared with delegates on the challenges and opportunities currently faced in the Australian insurance industry and how actuaries are instrumental in insurers' operations.

"The role of actuaries is increasingly changing from being just a technical advisor to a risk advisor. They



need to help insurers understand the limitations of models and take into account potential exposures; they need to explain these to the business and the Board," she said.

Every insurer is required to appoint an actuary in Australia. In addition to the common roles such as pricing and reinsurance, the appointed actuary is tasked with responsibilities, including performing insurance liability valuations, financial condition reporting and whistle-blowing obligations, said Ms Pearson.

Word on the ground

We reached out to some delegates and hear what they have to say about the conference.

"Firstly, the sharing of knowledge from different markets like China, Hong Kong etc – it's good to be able to get some ideas on the markets and what they want. I am amazed at the turnout of this event, it's unlike other similar actuarial conferences that I attend elsewhere; the diversity of delegates present are really good for the exchange of ideas."



Mr Nie Fangyi
Actuary Associate Director
– Global Individual,
Cigna

"One of the key takeaways is the new trends in technology and its rapid change. Technological advances in areas such as predictive underwriting, modelling, social media, and even computing power, are going to have an enormous impact on the industry and the role of actuaries."



Mr Michael Kwan
Client Account Manager – Life,
Munich Re

"It is wonderful to see such a great turnout for the conference. It is a good platform for actuaries to feel connected and engage in robust discussions. The discussions and speakers are also broader now, covering the whole of Asia instead of just East Asia, and with Asia booming, it is fitting that the region has such a large and vibrant conference."

"It has been an exciting conference. It is great to see so many esteemed actuaries gathered here and exchanging ideas across the region. It is fantastic to see the vibrancy and quality of the discussions happening and I look forward to the rest of the conference."

Mr Peter Tan
General Manager, Hong Kong Branch
Managing Director, Emerging Southeast
Asia Markets, **RGA**



Mr John Mok
Head of Life and Health Client Markets, HK & TW
Director – Reinsurance, Asia, **Swiss Re**

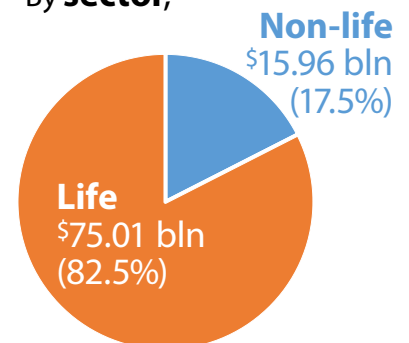


Taiwan in numbers

In terms of **insurance penetration**, Taiwan is ranked **number 1** in the world. At **17.6%** its penetration, for **total business** was well above the **global average penetration** of **6.3%**.

Its **total premium volume** of **\$90.97 bln** gave it a **world ranking** of **11**, and **rose 3.4%** y-o-y.

By sector,



As at the end of 2013, Taiwan's **population** stood at **23.4 mln**.

Its **GDP** had grown **2.4%** to **\$516 bln**, making it the **24th largest** in the world.

All figures are in US\$ and for 2013 unless otherwise stated
Sources: Taiwan Insurance Institute, Swiss Re sigma

Grooming the next generation

Several actuarial bodies in the region give their views on nurturing future actuarial talent in their home markets.

India



We are focusing on enhancing the skill sets which will be critical for an actuary of the future. Actuaries in the future will have support from enhanced technologies to carry out the work that they currently do. The future will see smart machines with real-time processing power of big data collected from a globally connected world.

In such a world, important skills like analytical, managerial, communication, creativity, adaptability, evaluation etc are likely to play important role. The curriculum is under revision on these lines. Many of our student members have moved into data analytics which would play a big role for future actuaries as stated above.

We need to evolve so that we remain relevant to our members and can support their journey into the uncharted territories. We

Malaysia



For Actuarial Society of Malaysia (ASM), our strategy in developing the next generation of actuarial talent is a multi-prong approach, namely encouraging continuous supply to the actuarial profession and ensuring sufficient opportunities for development within the actuarial community and increasing the standards of professionalism which our members are held to.

In terms of encouraging continuous supply, ASM is increasing its touch points and involvement with the local universities that offer actuarial courses. A few key initiatives that have taken place include, partnering with a local university to host our secretariat office and also arranging informal “coffee sessions” where experi-

Singapore



The next generation of actuaries will be facing increasing expectations and challenges and the Singapore Actuarial Society (SAS) has been re-organised to support the training and education needs of our members.

Our Education and Career Committee not only looks at providing technical training in established



have made a start by adopting the technology for preparing future actuaries and have already moved to computer-based examinations for a few subjects. The nature of examination has also changed for subjects like communication where the weight on written communication has decreased to allow for examination of oral and non-verbal communication. The current focus is to develop actuaries as risk experts who can take on wider risk management roles in the complex organizations. To this endeavour, we have already adopted CERA certification program in our curriculum.

Institute of Actuaries of India

enced industry practitioners share their experience with students. In providing development opportunities to the actuarial community, ASM is continuously increasing the number of seminars, workshops and events to ensure sufficient opportunities are made available to members. Where possible, we have also hosted examinations and assessments as well as arranging a “mock exam” marking scheme for some of the actuarial papers to ease our members taking those papers in order to accelerate their examination progress in a cost-efficient manner.

Another initiative that we are working on is to also assess the demand of actuarial resources within the general insurance industry given the new requirements introduced by regulators for insurers to have internal actuaries. From this initiative, hopefully we can work with the relevant industry associations and regulator to solve the shortage of resources in this area.

Actuarial Society of Malaysia

insurance practices, the committee has also been charged to look outside of the traditional actuarial practices and explore if the SAS should support training and development in those areas.

In addition, the SAS believes that employers value practical experience. We have therefore launched programmes with the General Insurance Association and the local universities to encourage General Insurers to provide internship opportunities to Actuarial Students.

Singapore Actuarial Society



EAAC is made up of 12 actuarial organisations with close to 25,000 members.

The actuarial organisations are:

- ❖ The Institute of Actuaries of Australia
- ❖ China Association of Actuaries
- ❖ The Actuarial Society of Hong Kong
- ❖ The Institute of Actuaries of India
- ❖ The Society of Actuaries of Indonesia
- ❖ The Institute of Actuaries of Japan
- ❖ The Institute of Actuaries of Korea
- ❖ Actuarial Society of Malaysia
- ❖ Actuarial Society of Philippines, Inc
- ❖ Singapore Actuarial Society
- ❖ Actuarial Institute of Chinese Taipei
- ❖ The Society of Actuaries of Thailand

A taste of Taipei

Delegates on the local culture tour were treated to a glimpse of Taipei as they visited the Longshan Temple, which was first built in 1738, sipped tea at a historical tea factory and tried their hands at making dumplings, which they even got to taste!



It has been nearly 20 years since Bangkok last hosted the EAAC. Much has evolved in Thailand, especially in the actuarial circle, as a consequence of high growth rate in the insurance industry, changes in solvency regulation, accounting standards and professional standards.

The 19th edition, with its new and more appropriate name Asian Actuarial Conference (AAC), will be held in Bangkok from 3-6 November 2015. Next year will also be the year that the Society of Actuaries of Thailand commemorates its 40th anniversary.

Our theme of the conference is "Innovation: Creating Sustainable Value".

As we embark on the "new normal economy", innovation will



See you in Bangkok!

be the key driver of sustainability. As the digital generation grows up to join the working force, will they prefer the comfortable virtual world of social media or will they revert to the face-to-face method when they think about insurance? No one knows. The key is to be able to innovate new distribution methods and products to fit customers' evolving needs, and foster a new attitude in actuaries towards the change.

These are some of the interesting topics we will discover together at the 19th AAC. We look forward to welcoming you to Bangkok!

Mr Itt Apiraktivong
Chairman, Organising Committee of
19th AAC



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