Actuarial Society of Hong Kong

N E W S L E T T E R

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REC
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New Members

The following new members have joined the society:

Name	*Company*	*Membership Status*
CHAN Kin Chung	Employers Re	Fellow
Danny CHUNG	Manulife	Fellow
Robert HUBBARD	HSBC Life	Fellow
Edward REICHE	Munich Re	Fellow
John RUTTER	AIA	Fellow
LAI Wan Fung, Felix	NMG	Student

New members who have not yet obtained their membership handbook, may collect theirs' from Elaine Tse [Prudential, 12/F Cityplaza 4, TaikooShing].

Life Insurance Valuation Regulations

Most life insurance companies have now had to do a valuation in accordance with the new valuation and solvency margin regulations which were introduced last year. The life insurance committee is currently considering how best to assist members in interpreting and applying the regulations.

At this stage the committee is drafting a "discussion paper". It is intended that this paper be discussed at a meeting of the society where members will be able to give their views.

It is hoped that the discussion will address not only the various technical issues of the new regulations, but also the exact form in which members wish the guidance to appear, eg informal "guidance", formal "Professional Standard", or formal "government guidance note".

Retirement Scheme Committee Report

We thank the Registrar for giving us the opportunity to consider the implications of the following draft rules:-

- *Occupational Retirement Schemes (Periodic Certification of Registered Defined Benefit Schemes) Rules*
- *Occupational Retirement Schemes (Preparation of Actuarial Certificate) Rules*

In a letter issued by the Actuarial Society dated 13 May, we raised no objection to the required disclosure as set out in the Rules of the weighted average of the periods of the existing members' expected future membership during which their benefits become fully vested, with the weights being the members' past service liabilities (WAVP). We, however, expressed our concern with the use of this weighted average period by the Registrar to judge the appropriateness of the funding pace of a defined benefit scheme.

In the letter, we stated our opinion that the weighted average period of future service (WAFS) would be a more relevant benchmark than WAVP to assess the funding pace of a scheme. (Members can contact Russel Lok - Chairman of the Membership and Publication Committee for copies of the letter.)

Turning to Financial Statements of Retirement Schemes, the Retirement Scheme Committee was advised that the Hong Kong Society of Accountants might consider to adopt AAS25 (the Australian method) for financial reporting on defined benefit schemes. (Members may contact C F Yam - Chairman of the Retirement Scheme Committee for information about AAS25.) The Retirement Scheme Committee is currently studying the guidelines issued on this by the Institute of Actuaries of Australia to see if they are relevant to us.

It is understood that resilience tests or dynamic solvency testing will be required to determine the adequacy of reserves (or capital available) for financial institutions offering investment guarantees to MPF schemes. The Retirement Scheme Committee believes that it is appropriate for the tests to be conducted and certified by an actuary, regardless of which kinds of financial institutions. We will write to the MPF office to express our view, subject to the approval of the Council.

Code of Conduct

Currently the Society relies on the codes of conduct of the overseas actuarial bodies. As part of the process of establishing itself as a professional body within Hong Kong, the society is drawing up its own local code of conduct. Any suggestions or comments should be given to Danny Quant, who will be heading the task force responsible for drawing up our code.

Actuarial Research

As the actuarial program at the University of Hong Kong expands, it may be appropriate for the Actuarial Society or insurance companies to co-operate with the university on research programs. Any members who have suggestions for joint research topics, should contact Robert Fok or Anna Louie.

Institute of Actuaries of Japan - Actuarial Seminar of East Asia 1996

The Institute of Actuaries of Japan is organising its annual actuarial seminar. The seminar is aimed at developing the actuarial and insurance knowledge of actuarial managers. The seminar will be held in Tokyo and Osaka from July 24 to Aug 23 1996. The costs of the seminar (excluding travel costs) are borne by the Institute and other sponsoring organisations. For additional details, please contact Russel Lok (tel:2520-6233, fax:2520-6370).

Meetings (Reminder)

Mr Jim Charling, Chief Actuary of Principal International, has been invited to talk to the Society on Tue 28 May 1996 (12:30 pm). The topic will be *"Evolution of US health care systems, and how other countries can learn from this"*. (Please note that the venue for the meeting is the Luk Kwok hotel.)