Actuarial Society of Hong Kong

N E W S L E T T E R

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PO Box 3682, General Post Office, Hong Kong
Telephone: (852) 2520-2619 Facsimile: (852) 2527-5470

Membership Changes

The following new members have joined the ASHK:

Name	*Company*	*Membership Status*
WONG Chun Wai	-	Student
LIU Shu Yen	Ernst & Young	Associate
Rachel EAGLETON	ING	Fellow
LEE Chee Fai, Jeffrey	Prudential	Student
Sylvia DJOHAN	Prudential	Student
LEUNG Shui Ki	Prudential	Student
CHANG Lap Fai	Tai Ping Life	Fellow
Simon EAGLETON	William Mercer	Fellow
David John BELL	Manulife	Fellow

IFAA Membership

An organisation called the International Federation of Actuarial Associations is currently being set up. Its goals are to co-ordinate and promote international codes of professional conduct, disciplinary processes and actuarial standards. The ASHK is applying to become an observer member of the IFAA initially. Depending on the views of members, the ASHK may apply to upgrade its membership status at a later date.

MPF investment guarantees

The ASHK has recently made a submission to the Mandatory Provident Fund Office to consider what provision should be made by financial institutions offering investment guarantees for retirement funds and what role actuaries can fulfil in certifying the provisions made for these guarantees.

The regulators have since set up a working group to research the issue more thoroughly. CF Yam is representing the ASHK on this working group.

ORSO Rules

Further to the ASHK's previous comments on the following proposed rules:

(A) Occupational Retirement Schemes (Periodic Certification Defined Benefit Scheme) Rules

(B) Occupational Retirement Schemes (Preparation of Actuarial Certificate) Rules

the Registrar has clarified that the disclosure of weighted average vesting period (WAVP) would not be required in the event where the scheme's assets are sufficient to cover its aggregate past service liability. This disclosure is not to specify any valuation method or assumption that should be adopted by the actuary. However the Registrar expects that the actuary would use WAVP as the funding period unless there are justifications to use otherwise. The Registrar also needs to be satisfied with the justifications.

Accounting Guidelines - Retirement Schemes

The Hong Kong Society of Accountants have revised the Accounting Guidelines for Retirement Schemes. These revised guidelines are different to the original exposure draft, in particular in relation to defined benefit schemes. The guidelines are likely to be issued in early October when copies will be available to members. If members wish to have a revised draft (which still has some minor changes to be made) please contact Greg Cooper or Michael Ross.

Insurance Companies Ordinance proposed amendments

The Insurance Authority has made proposals to amend the Insurance Companies Ordinance. The purpose of the proposals is to:

(a) tidy up present legislation regarding

insurable interest in an insurance contract

(b) recognise that a parent has an insurable interest in the life of his/her child

(c) require confirmation of compliance with the ASHK's PS1 by an appointed actuary.

The ASHK has given a reply indicating general agreement with these, but also indicating some detailed points of concern on the proposals.

Mortality Committee report

The mortality committee has received and reviewed data up to December 1994 and intends to issue a report in the near future.

A request for data including 1995 experience will be issued to companies shortly.

The mortality committee is considering joint investigations with the University of Hong Kong for future studies.

MPF Meeting

On Wed 7 August, Mr Raymond Tam gave a luncheon talk on the current status of the Mandatory Provident Fund implementation. Judging by the exceptional turn out, it is clear that there is considerable interest in this subject.

Discussion - Minimum valuation and solvency margin regulations

A discussion paper on the 1995 life insurance minimum valuation and solvency margin regulations has been circulated. A meeting to discuss these has been scheduled for Wed 18 September.

Annual General Meeting

The ASHK plans to have its AGM held in early December, with the date being set tentatively as 5 December. Notices for the meeting, including invitations for nomination for elections, will be issued shortly.

Sales Illustrations

To clarify our report last month, the revisions regarding sales illustrations apply only to investment linked policies. According to a LIC spokesperson, the current discussions do not cover non-linked policies.

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