



Editorial

by Ms. Sim Ng

Welcome to the first issue of the newsletter in 2006. Although it is just the start of the new year, there has been no shortage of media coverage on the actuarial profession and the insurance industry.

Firstly, there was the report in the Economist publication of 28th January 2006 on “Actuaries and the Pensions Crunch”. The report certainly did not portray actuaries in the best light and highlighted the dangers of false precision, or situations where financial forecasts produced are viewed as infallible. Perhaps it is also an awakening for actuaries to realize that we can learn from our non-actuary peers in the financial management of liabilities.

In recent times the life insurance industry has also shown some signs of consolidation. The sale of MLC’s life insurance business in Hong Kong and Indonesia to AXA Asia Pacific was announced recently and this occurred not long after the acquisition of CMG Asia by Sun Life Financial and Citigroup’s Travelers Life & Annuity by MetLife.



It remains to be seen if this is the start of a wave of consolidation of the insurance industry in Hong Kong, and in Asia as a whole. A consolidation of the insurance industry will no doubt bring new challenges for actuaries, who may find the need to reinvent themselves in the financial services industry. This has been the case in Australia where actuaries work in non-traditional fields such as project financing, investments, treasury, environmental protection and the utilities industry.

Moving on to a brighter note, we can all be proud of the ASHK display at this year’s Education & Careers Expo 2006, which was held in the HK Convention & Exhibition Centre, from 23rd-26th February. There was a marked improvement in the displays compared to previous years and we will be looking at using a similar format for the revamp of the ASHK’s website in the latter half of this year.

From a professional perspective, the ASHK has been working with the MPFA in the new year on new

regulations for funds which provide guaranteed benefits. It is the aim of the ASHK to strengthen and build relationship with the regulators in Hong Kong by working in partnership on various issues.

As a member of the ASHK, this is your magazine and contributions from members are welcomed. The focus of the next newsletter is on China – hence, for those of you who work in the PRC, do send us some articles which you would like to share with your fellow members.

(Chairperson of the ASHK Membership & Publications Committee, Ms. Sim Ng, FIAA, FSA can be reached at sim.ng@cba.com.hk.)

ASHK Newsletter

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Council Update

ASHK Committees for 2006

The ASHK Committees for the year 2006 have been formed. This year, we have a new ad-hoc Committee, MPFA Investment Guarantee Reserving Committee and several new initiatives for General Policy and Image have been proposed. Let’s meet the Committee Chairpersons as they introduce themselves and their initiatives for 2006.



ASHK Council Members 2006

(Front row, from left to right: Dr. Wai-Sum Chan, Mr. Peter Luk, Mrs. Estella Chiu and Mr. Roddy Anderson; Back row, from left to right: Mr. Billy Wong, Mr. David Gott, Mr. Sai-Cheong Foong, Ms. Naomi Burger, Ms. Sim Ng and Mr. Tony Cheng. Absent: Mr. Pang Chye, Mr. Stuart Leckie and Mr. Kevin Lee)

President

Mr. Roddy Anderson, FIA
(Managing Director, Dah Sing Life Assurance Co Ltd)
Tel: (852) 2507 8038 Fax: (852) 2598 5074
E-mail: anderson@dahsing.com

Check "Actuary Express" to know more about me!

Vice President, Membership & Publications, Secretary & Treasurer

Ms. Sim-Kheng Ng, PhD, FIAA, FSA
(Chief Financial Officer,
Commonwealth Bank Group, IFS North Asia)
Tel: (852) 3667 8907 Fax: (852) 3667 8937
E-mail: sim.ng@cba.com.hk

Membership & Publications Committee:

"Members joining the 2006 Membership & Publications Committee include Sim Ng (Chairperson), Greg Brennan, Bonita Leong, Andy Liu, Henry Lok, Bronwyn Loong, Sandra Tso, Victoria Wen and Kitty Yan.

The Committee's objective for the year would be to focus on improving communications internally and externally. To achieve this goal, we will ensure timely publication of the ASHK Newsletter on a quarterly basis and upgrade the ASHK website. Apart from regular luncheon and evening talks, the Committee plans to organize social events such as networking evening for new and existing members."

Immediate Past President

Ms. Estella S.F. Chiu, FCIA, FSA
[Chief Actuary, HSBC Life (International) Ltd]
Tel: (852) 2288 6628 Fax: (852) 2288 6300
E-mail: estellachiu@hsbc.com.hk

China Committee

Chairperson (ASHK Council member):
Mr. Stuart Leckie, FFA, FIA, FSA
(Chairman, Stirling Finance Ltd)
Tel: (852) 2147 9998 Fax: (852) 2147 2822
E-mail: stuart.leckie@stirlingfinance.com

"In 2006, the ASHK China Committee members are Stuart Leckie (Chairperson), Xiaolei Chi, May Chun, Wai-Sum Chan, KC Ho, Synthia Kwan, Raymond Li, Wilbur Lo, Bruce Moore, Xiaodong Yu, Carol Zhang and Steve Zhang.

Regarding the development of the profession in China, the Society of Actuaries of China (SAC) which has been operating under the auspices of the China Insurance Regulatory Commission (CIRC), has applied to the Ministry of Civil Affairs for independent professional body status and approval is expected to be granted in 2006. Recently, the CIRC has also implemented the Appointed Actuary system in China.

Following the success of two international actuarial forums in Xiamen and Xian in 2002 and 2004 respectively, the International Actuarial Association (IAA) plans to hold an IAA Fund Meeting in Beijing in 2007. Actuarial leaders, academics and practicing actuaries from the Asia region will be invited to attend the Meeting. The Meeting provides a forum for discussion among the leaders of the profession in the region regarding the role of actuaries in society, the part to be played by the professional actuarial bodies and how to develop a relationship with regulators, government officials and elected representatives which will help the actuarial profession play its public interest role. ASHK China Committee can expect to provide assistance in organizing the IAA Fund Meeting."

Education Committee

Chairperson (ASHK Council member):
Dr. Wai-Sum Chan, PhD, FSA, CStat
(Professor, The Chinese University of Hong Kong)
Tel: (852) 2609 7715 Fax: (852) 2603 6586
E-mail: waisum@baf.msmail.cuhk.edu.hk

"The members of the Education Committee this year include: Wai-Sum Chan (Chairperson), Fred Chan, Herbert Chan, Xiaolei Chi, Ka-Man Wong, Kam-Chuen Yuen. The Committee had held the first meeting on 10 February 2006. The committee has plans for several functions this year including: joint talks with other professional/educational bodies, seminars, and an education corner in the society's webpage (giving information to newly arrived fellows and students about general and actuarial working environment in Hong Kong).





The Committee is also very appreciative of the Council, other ASHK members and HKU & CUHK students' time taken to help out in the Education & Careers Expo 2006 (see the photos). We are sure that all the attendants of the Expo benefited greatly from their experiences and knew more about the actuarial education and profession. Miss Ka-Man Wong delivered a careers talk to the public and the response to this talk was overwhelming and attracted 150 participants."



Experience Committee

Chairperson (ASHK Council member):

Mr. David Gott, FIA

(Head of Actuarial Services, China Region,
Swiss Reinsurance Co)

Tel: (852) 2582 5609

Fax: (852) 2598 1914

E-mail: david_gott@swissre.com

"Following the efforts last year to collate and analyze all the data received on mortality and critical illness from life insurers in Hong Kong, the focus for the committee during the first half of 2006 will be to further iron out any inconsistencies that remain in the data before translating the results into a more user friendly format. There may be a couple of new studies that spin off this work. The issue of suicide related deaths is one area that probably warrants further investigation given its increasingly high public profile and the significant influence this has on assured lives mortality in Hong Kong.

During the second half of the year we will be looking to push forward a new study, with lapse experience being the original favoured option, although not without its difficulties. But we would happily consider other topics. The impact of air pollution on health is one topic I hear more and more about, as well as seeing it with my own eyes (what is the point of a harbour view when you can't see it). I came across an article just recently on this subject based on analysis of US data which directly linked improvement in death rates with reduced exposure to small airborne particles - if only we were so lucky.

The experience committee is always open to new volunteers and suggested areas of research of interest to the profession, so please feel free to get in touch."

General Insurance

Chairperson (ASHK Council member):

Mr. Pang-Hsiang Chye, FIA, MAAA

(Assistant Director & Consulting Actuary, Milliman Ltd)

Tel: (852) 2147 5948

Fax: (852) 2147 9879

E-mail: pang.chye@milliman.com

"The Committee aims to review AGN4 (which covers estimate of outstanding claim liabilities in general) and to create a supplement that addresses specific issues contained within the Insurance Authority's GN9."

Interest Rate Committee (Ad-hoc)

Chairperson (ASHK Council member):

Mr. Peter Kin-Yu Luk, FIA, FIAA, FSA

(CEO, Plan-B Consulting Ltd)

Tel: (852) 9190 8822

Fax: (852) 2885 9861

E-mail: peterluk@peterluk.com

"Last year, the Committee developed a program that can generate the Hong Kong interest rate structure, up to 10-year maturity. We are now seeking to work with major financial newspapers to have such rates published on a weekly basis. If any member of ASHK can help in this regard, he or she should contact the ASHK Office."

Investment Committee

Chairperson (ASHK Council member):

Ms. Naomi Burger, FIA

(Assistant Director & Consulting Actuary,
Watson Wyatt Insurance Consulting Ltd)

Tel: (852) 2820 9922

Fax: (852) 2827 7700

E-mail: naomi.burger@watsonwyatt.com

"The investment committee is likely to have four or five members and we are currently confirming participation. Our first meeting was postponed due to late changes in travel plans but we hope to meet soon! Once the committee has met, we will be able to share our plans for furthering the profession's involvement in what is not a traditional area of actuarial involvement."

Life Insurance Committee

Co-Chairpersons (ASHK Council members):

Mr. Tony Kin-Shun Cheng, MBA, FIAA

(CEO, Hong Kong Branch, RGA Reinsurance Co)

Tel: (852) 2213 2905

Fax: (852) 2511 8827

E-mail: tcheng@hk.rgare.com

Mr. Sai-Cheong Foong, MEC, FIAA, FSA

(Vice President & Chief Financial Actuary,

American International Assurance Co Ltd)

Tel: (852) 2832 8059

Fax: (852) 2834 2813/ 3108 7325

E-mail: sai-cheong.foong2@aig.com



"There are over 20 members in the Committee this year, the most popular committee by far. Our overall objective for this committee is to ensure that the actuarial profession plays a proactive and strong role in influencing the issues related to the life insurance industry in Hong Kong.

The main projects we will explore in 2006 include:

1. Organization of the 2006 Appointed Actuaries Symposium;
2. Disclosure relating to the Policy Dividend methodology;
3. Health Care Reform in Hong Kong;
4. Review AGN 7 on DST;
5. Develop relationships and work with the HKICPA or IASB (or with other international actuarial associations which already have representation in the IASB) on the development of International Accounting Standards for Insurance; and
6. Other life insurance issues that arise."

Professional Matters Committee

Chairperson (ASHK Council member):

Mr. Kevin Lee, FIA
(Assistant General Manager & Chief Actuary,
Zurich Life Insurance Co Ltd)
Tel: (852) 2977 0198 Fax: (852) 2105 3786
E-mail: kevin.lee@hk.zurich.com

"The major projects of the Committee in 2006 include:

1. Revise M&A, especially the disciplinary procedures;
2. Review recent international events on the profession, such as Morris report, HHH, James Hardie, to see if any actions, etc. should be taken to protect the HK actuarial profession. It may be as simple as creating an "awareness" regarding the issues;
3. Revise PSI by replacing PRE with "treating customers fairly"; and
4. Revisit statutory recognition/status."

Retirement Schemes Committee

Chairperson (ASHK Council member):

Mr. Billy Yuk-Lun Wong, FSA, CFA, LLB
(Principal Consulting Actuary, Retirement Benefits Scheme,
Watson Wyatt Hong Kong Ltd)
Tel: (852) 2820 9916 Fax: (852) 2827 8899
E-mail: billy.wong@watsonwyatt.com

"I am the Principal Consulting Actuary in Retirement Benefits Practice of Watson Wyatt, who is working on consulting issues on retirement schemes for major employers in Hong Kong and other countries in this region. With my working experiences in the pension area, it is my honour to be the chairperson of the Retirement Schemes Committee. The Committee is used to be relatively small but energetic. After the introduction of MPF in year 2000, almost all working forces in Hong Kong are now covered under various types of retirement security programs. I believe the pension will become a continuing key topic to be addressed in HK. Therefore, the Retirement Schemes Committee is now keen in recruiting new members. This year, we would continue to focus on the ORSO and MPFSO related issues and to explore any new ideas for the pension system in Hong Kong."

MPFA Investment Guarantee Reserving Committee (Ad-hoc)

Mr. Sai-Cheong Foong, MEc, FIAA, FSA
(Vice President & Chief Financial Actuary,
American International Assurance Co Ltd)
Tel: (852) 2832 8059 Fax: (852) 2834 2813/ 3108 7325
E-mail: sai-cheong.foong2@aig.com

"The MPFA is currently reviewing the framework for the reserving of investment guarantees in MPF schemes and has invited the ASHK to provide comments in this regards. The ad-hoc committee was formed to comment on the consultation paper and possibly to revise AGN 8 in the future."

General Publicity & Image

To improve the image of the actuarial profession in Hong Kong, the following initiatives are proposed:

- Improve governance of ASHK by inviting a panel of non-actuarial advisors influential in the community.
- Issue Practising Certificate to life, non-life and pension actuaries in order to protect the integrity and reputation of the profession.
- Organize Continuing Professional Development (CPD) talks and seminars for members or non-actuaries. Potential topics will be wealth management or risk management to show that actuaries do contribute in the financial services industry.
- Build relationships with regulators in the Financial Services industry so as to understand their concerns regarding ensuring HK remains a thriving financial centre
- Build a closer relationship with the other actuarial bodies in the region working towards mutual co-operation and efficient sharing of resources.

Feature Article

by Ms. Sim Ng

Unwanted publicity?



It is rare for actuaries to get publicity, be it good or bad. In fact, not many members of the general public have heard of the actuarial profession, let alone understand

what it does. Hence, it was a surprise to find a 3-page article in the Economist edition of 28th January 2006 devoted to the role of actuaries in the pensions industry.

In the Economist article, "Actuaries and the pensions crunch – when the spinning stops", it was written that:



“False precision and the reckless approximation have defined the actuarial profession’s role in the crises that has enveloped corporate pensions on both sides of the Atlantic. Although actuaries have not been the only cause – companies, trustee boards, governments and accounting rules have all played their part – they have been surprisingly hapless at their main task: forecasting funds’ future liabilities and assessing how many assets will be required to meet them.

Their failure has hastened the collapse of final-salary (defined-benefit) pension schemes, many of which have ballooning financial deficits..... As a profession, actuaries stand accused of negligence on a grand scale.”

One would have expected that such a negative publicity in the print media would have generated some response from the actuarial profession. At the very least, it should have sparked a debate on the role of other parties, such as companies, trustees, governments and accountants, in the corporate pensions crunch. However, it is now almost two months since the publication and there does not appear to be any response from any of the actuarial professional body.



The major criticisms of pension funds mentioned in the article were:

- Pension funds held as much as 80% - 90% of their assets in equities, which were a poor and risky match for the long-term “bond-like” liabilities of pension funds, where regular payments are payable by the fund for the lifetime of its members.
- The calculation of pension fund liabilities depended on its asset allocation. This means that the discount rate applied to future liability cash-flows was determined by the expected investment return of the assets backing the liabilities, which in turn depended on the nature of the assets. Since higher returns were expected from equities, a higher proportion of equity assets resulted in lower liabilities.

Indeed, not all actuaries were supportive of these principles in the management of pension funds. Actuaries were, also, by no means, the only group to be

blamed for the state of the corporate pension funds in Britain and the USA. The companies themselves, who were only too happy to post profits from their pension schemes during the inflationary years and trustee boards, which did not oppose such decisions, were also to blame. In addition an unprecedented increase in the longevity of pension schemes’ members has also unexpectedly increased the cost of pension benefits.

Turning to the Hong Kong market, we would find quite a different scenario, i.e. one that is unlikely to have the extensive problems encountered in Britain and the USA. This is due to the nature of corporate retirement schemes in Hong Kong, which provide lump-sum resignation or retirement benefits rather than life-time pensions. Hence, the issues relating to longevity risks are not relevant. In addition, the impact of low long-term interest rates is less severe. Overall, the corporate retirement schemes in Hong Kong are in far better shape.

To summarize, actuaries are not infallible and need to recognize that forecasting future liabilities is difficult and subject to errors. After all, it is well known that economists seldom get their GDP and inflation forecasts correct! Hence, how can actuaries expect to be supernatural beings? It is then more important and critical for actuaries to highlight the shortcomings and risks in their forecasts so enable appropriate decisions to be made by trustees or directors of companies.

(The Economist’s article can be found on [http://www.actuaries.org.hk/doc/Economist%20Article%20\(28%20Jan%202006\).htm](http://www.actuaries.org.hk/doc/Economist%20Article%20(28%20Jan%202006).htm))

Actuary Express

We have invited the new President of ASHK Council, Mr. Roddy Anderson for interview and share his perspective with us.

Mr. Roddy Anderson, FIA



What is your objective in being the President of the ASHK?

My objective is to promote the actuarial profession in Hong Kong.



What role/s can the ASHK play in Hong Kong?

There are many roles in several aspects:

For education, the ASHK facilitates students to undertake their actuarial exams successfully and enabling qualified actuaries to keep up to date with actuarial & associated matters.

For recruitment, the ASHK encourages new entrants to the profession and enabling employers to recruit trainees and actuaries.

The ASHK also acts as a forum and give encouragement to members to undertake actuarial research.

It provides an active forum to discuss actuarial matters with government and other professional bodies and institutions. Also, to develop, publish and monitor professional and ethical standards at the highest level and take action where necessary if a member fails to meet these standards.

How may associations/committees do you serve on and what are the challenges?

I serve on a number of industry bodies, currently being the Chairman of the Hong Kong Federation of Insurers and Chairman of the Insurance Claims Complaints Bureau. The challenges are many but mainly to promote the insurance industry to both the public and the regulators.

Why did you choose to work in Hong Kong?

Hong Kong is a great place to live and work. The people are fantastic besides being industrious; they are extremely friendly and self-motivated. They are the real reason that I enjoy Hong Kong and choose to remain living here.

What is your first impression of Hong Kong and how is it different from your perception right now?

My first impression of HK was that it was too busy so the people were not friendly and as they were too interested in money to be bothered with foreigners, whereas I find them just the opposite.

How would you describe working in Hong Kong compared to your home country?

There is much more to do in Hong Kong and the rewards are immediate. If you want something done in Hong Kong it gets done, whereas in the UK there are too many people thinking up reasons why it cannot be done.

How would you describe working for a local company compared to a multi-national?

Working for a multi-national one are more layers of bureaucracy which you have to fight through whereas I can speak directly to the Chairman of the Company in HK and get a decision.

Can you share with us any interesting experience you had in Hong Kong?

There are so many. Seeing pink dolphins stands out in my mind as well as the great personal satisfaction of finishing the 10K in this year's HK Marathon ahead of 8000 other runners.

How would you describe your Cantonese?

My Cantonese is non-existent but seems to improve the more red wine that I drink until I can sit in a taxi after a good night out with friends having a conversation in what I then think is perfect Cantonese with the taxi driver !!

Which book would you recommend to our readers?

My bible over the years has been Actuarial Practice of Life Assurance by Fisher and Young - I must be a boring actuary to have this as my choice but it is the most read book that I have!!! - so sad [It used to be Compound Interest until I bought an HP calculator] !!!

What sort of summer jobs did you have as a student and which was the most interesting to you?

The list of my summer jobs is long as I had many. I took the decision that after university I was going to spend the rest of my life working in an office so I would take the opportunity to do as many jobs as I could which did not involve office work. Also, I needed the money so I have been

- a labourer for a plumber and electrician.
- a labourer on a building site mining and laying concrete.
- a landscaper laying out gardens in housing estates.
- a grass cutter
- a fish worker selling salmon
- a postman
- a van driver and delivery man
- a butcher
- a newspaper delivery boy
- a barman and waiter
- a fruit and veg hawker
- a market gardener
- a bus conductor



and a few others I wish to forget. I would hasten to add that I did these over a number of years and not all at the same time.

They were all interesting and different. Surprisingly, the one which paid the most was the bus conductor as we often got paid overtime. It was good fun as well as meeting people.

What would you be if you did not choose to become an actuary?

If I was not an actuary, I would have liked to have been a construction engineer as they can point to say a bridge and say to their children that "I built that" whereas there is nothing physical you can create being an actuary.

Can you tell us about your work history in 10 words?

In 10 words that's impossible!
I have worked in insurance for 37 years and done everything. There are 11 words.

What gets your goat?

I have become far more tolerant over the years but probably people not doing what they said they would do.

How would your friends describe you in 4 words?

Let them tell me. I have no idea.

Who would you consider as being the most important/influential person in your life?

My last maths teacher. He laughed when I said I wanted to do maths at university so I did it to spite him!!!!

What is the biggest challenge you have ever faced?

Everything I have done in my working life has been a challenge. Because usually there has been no one to show me what to do, but probably the biggest challenge was moving from London and the biggest bank is then in the UK to come to work in Hong Kong.



Do you have any advice for actuaries-to-be?

The actuarial profession has been good to me as it has enabled me to get where I am today so my advice is to work hard and ethically and give back to the profession by supporting it. There is a simple rule in putting a deposit in a bank. The more you put in, the more you will get back. That applies to life and work.

So work hard but always remember to enjoy yourself!

Chat with Non-Actuary

Also, we have invited two non-Actuaries, Mr. John Ororke and Mr. Alfred Ma for interview and share with us their perspectives as well as their view towards Actuaries.

Mr. John Ororke

by Ms. Kitty Yan

What is your title and where do you work?

I am a Director of the distribution practice of Watson Wyatt Insurance Consulting Ltd.



The distribution practice is just over three years old within Watson Wyatt and there are seven of us on the team, based in India, Singapore and Hong Kong. Our work focuses on the sales and marketing functions of insurance companies and banks and complements the financial and strategic work done by our Insurance and Financial Services colleagues.

I actually live in Sydney but spend approximately 70% of my time either working on site with clients or making marketing trips around the region. I think we have now worked in pretty much every country in Asia Pacific.

What are your major responsibilities?

Pretty varied. It's a mix of business development, including finding new clients and new projects, and then helping to deliver the services and maintaining customer relationships. We generally work onsite with clients, helping them to build or improve distribution channels so we do a lot of practical work with clients, particularly on the implementation side. Last year for example, we helped one client set up a call center, recruit people and train them and, on a different tack, we worked with a company looking to enter the Russian life market – it's pretty varied as you can see.

Why did you choose your career?

I got into financial service accidentally. My first job from school was with a Unit Trust company in the UK a long time ago, and I just ended up staying in financial services. I moved from administration into underwriting, and from underwriting into sales support and to actual sales, and then finally into direct marketing and general marketing. I left my last



insurance company in 1998 and have been consulting ever since.

When was your first encounter with an actuary?

The first actuary I can remember was working for a company called Lloyd's Life Insurance in the late 70s or early 80s. I remember him because he was exceptionally bright – one of those record beaters, you know those who passed all exams in one year – something crazy like that. He was very intelligent but a little bit eccentric and found it a bit difficult to socialize. Our Managing Director (who spookily worked for Watson Wyatt at one stage) was also an actuary and I learned a great deal from him in terms of “proper” financial management of distribution, particularly on the direct marketing side.

How would you rate an actuary in terms of social skills on a scale of 1 to 5 with 5 representing a social butterfly?

Well, there are some actuaries I know who would definitely rate as a 10 – even on a scale of 5!. On the other hand, many of those I know would rate at the lower end of the scale. It's difficult to generalize although I guess that in sales and marketing you don't tend to find many who rate 1 or 2, because most of them are extroverts. Like most professions, some actuaries are very lively and some are not. Perhaps there's a difference between those who consult and thus have a wider network of clients/colleagues rather than those who only work in one company?

What do you consider as being the greatest strength and weakness of an actuary?

I think the challenge in terms of working with actuaries is for them to strike a balance between the theoretical and technical with the practical. Some actuaries find the transition difficult from the technical through the practical and this can make it hard for non-techies such as me, to work with them.

In terms of strength they're usually exceptionally smart, skillful in modeling and analytics which is very useful to us too. We do a lot of modeling on sales force performance, growth etc and it's great to have experts to help. They also have access to a great deal of market knowledge and are a very useful source of information on product trends etc.

Who would you take with you - the accountant, lawyer or actuary if stranded on a deserted island and why? (Assuming they're all male!)

Mmm... I think probably the lawyer; because I suspect lawyers may have more interesting stories to tell over

their career, by having worked with people of a more “varied” background. The stories from an actuary or accountant (apart from the ones I rated as 10 of course!) may be more technical. I guess that by taking an actuary, he could probably tell me when I'm going to die, and an accountant could tell me how much tax I would be saving by living on a deserted island... ?

Would you recommend the actuarial profession to your family and friends?

Yes. I think it's clearly a recognized profession and a good one to be in given what seems like high demand. Once you get to be senior actuarial consultant or senior level in a corporate, I am sure the recognition and reward make the endless study seem worthwhile! So yes, I'd recommend it if one's mathematically bright.

Mr. Alfred Wai-Luk Ma

by Ms Sandra Tso

What is your title and where do you work?

I am the Chief Superintendent of Police of the Hong Kong Police Force in Crime Wing headquarters.



What are your major responsibilities?

Policies which involving the crime investigation, for example if there is any involving change in law, rules in evidence, setting of guidelines for frontline action and also staffing various crime related issues for the Commissioner of Police.

Tell us about your typical workday.

I need to deal with correspondences to/from Security Bureau regarding policing policies, liaison with other government bodies both in HK and international (e.g. Interpol) and draft responses and answers to enquiries related to crime policies etc.

Why did you choose your career?

I believed it was a rewarding career at the time, and it still is. Also, the public interface nature of policing work makes the job interesting.





There have been many stereotypical jokes made about the actuary, but what is your perception of an actuary?

Actuary should be very strong in Math, statistics for their risk calculation; they should process an analytical mind.

When was your first encounter with an actuary?

A couple of years ago from newspaper.

I had also been the president of HK Police Credit Union for more than three years. The Union manages assets totaling about HK\$2.5 billion. In the process of selecting an insurance company to provide coverage for Union members, I became more familiar with the role and function of an actuary.

What do you think an actuary really does?

Risk calculation.

What do you consider as being the greatest strength and weakness of an actuary?

He/She should be very strong in using past experience and assumptions to come up with predictions, has an analytical mind with strong mathematical modeling.

On the other hand, actuaries might be too dependent on the assumptions and past experience which could be affected by lots of other external factors in the ever changing business world.

How would you rate an actuary in terms of social skills on a scale of 1 to 5 with 5 representing a social butterfly?

I would give 2, maybe a bit more than 2. I believe an actuary has to be very strong in numerical skills, they may not be equally strong in their social skills.

What roles do you think the actuarial profession should play in the society?

They should contribute to the financial sectors, in insurance, financial industry mainly.

I also believe that the government could benefit from retaining the service of actuaries in developing setup policies in relation to the prediction of economic growth.

Who would you take with you - the accountant, lawyer or actuary if stranded on a deserted island and why?

Of course actuary, because actuary can use the existing data and past experience to let him know the chance of survival, and the probabilities of getting out of the desert island.

Would you recommend the actuarial profession to your family and friends?

Yes, I will recommend to those family members and friends but only if they are good at mathematics.



Ms. Sandra Tso and Mr. Alfred Ma

Membership Update

New Members

We would like to extend the warmest welcome to the following new members who joined the ASHK since January 2006.



Fellows

Vinky Wing-Ki CHU, FSA (2005), KPMG
Paul Mo-Yung FUNG, FSA (2001), FCIA (2002), MAAA (2001), Manulife
Bronwyn Wing-Ling LOONG, FIAA (2005), AXA China Region
Jeremy MENZIES, FIAA (2005), AXA China Region
Derek RYAN, FIA (1997), Swiss Reinsurance
Lawrence TSUI, FIAA (1997), Swiss Reinsurance
Kirk WILKS, FIAA (2005), AXA
John Barclay WILLIAMSON, FFA (1998), AXA China Region
Grace YAN, FIAA (2005), AXA China Region

Associates

Chee Weng SECK, ASA (2005), AXA China Region
Raymond Wing-Lit WONG, The University of Hong Kong



Students

Daniel Kin-Leung CHAN, *SOA Student*, Towers Perrin
Vincent Hing-Wai CHAN, *SOA Student*, New York Life
Benjamin Kwok-Kin CHENG, *SOA Student*, MassMutual Asia
Pauline Po-Yin CHENG, *IoA Student*, HSBC Insurance
Jason Chun-Sang CHEUNG, *SOA Student*, AXA
Ivy Tak-Yee CHIU, *SOA Student*, New York Life
Jeany CHOW, *SOA Student*, Towers Perrin
Janet Wai-Chi CHUNG, *SOA Student*, ING Life
Jasmine Tan-Ping HUI, *IAAust Student*, MassMutual Asia
Prudence Yin-Kam LEE, *SOA Student*, AXA Asia Pacific
Tsz-Kin LEE, *IAAust Student*, ING Life
Ralph Sen LEI, *SOA Student*, China Life Insurance
Kathy Ying-Sum LEUNG, *SOA Student*, HSBC Insurance
Sin-Yee NG, *IoA Student*, AXA Asia Pacific
Kwok Keung WONG, *SOA Student*, UBS-UID-LAB
Estee Yin-Wa YEUNG, *SOA Student*, AXA China Region

Change of Membership Status

The following members have changed their membership status.

Fellows

Michael Hoi-Leung CHAN, *FSA (2005)*, Zurich Life
Regina Pui-Ying CHE, *FSA (2005)*, Manulife Financial
Alexander Lap-Yan CHENG, *FSA (2005)*, ING Life
Jeff Kam-Chiu CHENG, *FSA (2005)*, HSBC Life
Paddy Kwok-Wing CHOY, *FSA (2005)*, Zurich Life
Simon DAI, *FFA (2005)*, Milliman
Wilton Wing-Tao KEE, *FSA (2005)*, ING Life
George Kin-Chung KUNG, *FSA (2005)*, Sun Life Financial
Candice Wing-Kei YAM, *FSA (2005)*, Manulife Financial
Alex Ka-Chun YUE, *FSA (2005)*, Winterthur Life

Associates

Cherry Hiu-Yan CHEUNG, *AFA*, ING Life
Ricky Wai-Ki CHEUNG, *ASA (2005)*, AXA China Region
Joseph Yun-Peng CHU, *ASA (2003)*, Manulife
Sylvia DJOHAN, *ASA (2004)*, Munich Reinsurance
Sylvia Sau-Kei LI, *ASA (2004)*, HSBC Life

Reinstatement of Membership Status

The following members have reinstated their membership status.

Fellow

Alan Shen-Fong TAN, *ASA (1999)*, *FIA (1995)*, AIA

Students

Herbert Ho-Yin LAU, *SOA Student*, New York Life
Jenny Lai-Wah LEUNG, *IAAust Student*, Ming An Insurance

Actuaries on the Move

The following members have changed their business details from December 2006 onwards.

Fellows

Simon Shau-Ming DAI
Paul Kin-Yan FUNG
Synthia Shun-Kit KWAN
Kenneth Hoi-Keung LAW
Russel LOK
Lilian Lup-Yin NG
Wilson Chee-Ping TANG
Yu Sang YANG

Associates

Joseph Tsz-Yin AU
Jackson Wai-Kwok CHAN
Kathleen CHAN
Andrew Nai-Bun TANG

Further details of members' movements are available on ASHK online membership directory at: <http://www.actuaries.org.hk/doc/2006%20Membership%20Dir.pdf>

Market Update

Revised MPF Guidelines

The following sets of revised guidelines have been approved by the Management Board of the Mandatory Provident Fund Schemes Authority.

Guidelines on Annual Statements of Registered Schemes (Guidelines II.4)

Guidelines on Annual Statements of Approved Pooled Investment Funds (Guidelines II.5)

These two Guidelines have been revised to add a new section specifying that the annual fund expense ratio ("FER") be disclosed in the annual return if a registered scheme (or that of an approved pooled investment fund); and the annual return should include the Auditor's Report on the calculation of the FER.

Guidelines on Debt Securities (Guidelines III.1)

These Guidelines have been amended to specify for the purposes of section 37(2)(a) of the Mandatory Provident Fund Scheme (General) Regulation (the "Regulation") and sections 7(2)(c) and 9(b) of Schedule 1 to the Regulation, and interim rating assigned by an



approved credit rating agency may be used as the "credit rating of the security" for individual issues; and to add European Investment Fund and Islamic Development Bank to the list of multilateral international agencies in Guidelines III.1.

Guidelines on Index-Tracking Collective Investment Schemes (Guidelines III.10)

These Guidelines have been revised to add the requirement that bond indices for approved ITCIS should have a significant portion of constituent securities complying with s.7(2) of Schedule 1 to the Mandatory Provident Fund Scheme (General) Regulation; and also to add Pacific Exchange, a US national securities exchange, to the list of recognized stock exchanges in Guidelines III.10.

Guidelines on Payment of Accrued Benefits – Documents to be Submitted to Approved Trustees (Guidelines IV.4)

Guidelines on MPF Exempted ORSO Schemes – Withdrawal of Minimum MPF Benefits (Guidelines V.11)

These two Guidelines have been amended to facilitate the claims lodged by committee of estate/guardian on behalf of a mentally incapacitated member; and to clarify the requirements of evidence for claims on grounds of permanent departure; and revise the statutory declaration forms.

Copies of the revised Guidelines could be downloaded from the MPFA website at:

<http://www.mpfa.org.hk/main.asp?pageNo=62&langNo=1>



Guidance Note (GN3) on Prevention of Money Laundering and Terrorist Financing

The Guidance Note on Prevention of Money Laundering and Terrorist Financing will take effect from 1 July, 2006. All authorized insurers should review and revise their current policies and procedures in the prevention of money laundering and terrorist financing so as to comply with the Guidance Note as soon as possible, and in any event no later than 30 June, 2006.

Before they are able to comply with this Guidance Note, they should continue to comply with the former

Guidance Note on Prevention of Money Laundering we issued in 2000.

The Booklet of the Guidance Note, which is printed in both Chinese and English, is ready for retention. The soft copy is also available at <http://www.oci.gov.hk/download/gn3jul05.pdf>.



Event's Highlight

by Mr. David Gott

Why did David Beckham choose the 23 shirt?



ASHK recently provided sponsorship for the 6th annual South East Asia Mathematics Competition (SEAMC) held this year in Hong Kong. The event saw 117 highly competitive 15 year old mathematicians in 39 teams from 21

international schools competing over 2 days (and nights) for individual and team honours. There were numerous problems to solve, with rounds of short questions, code breaking, practical challenges, long term questions and an Island adventure all counting.

A look at a few of the questions gives you an idea of what these kids were up against. Try some of these if you have a few spare minutes:

From the individual round:

Q5 (2 minutes)

What is the probability that the next person you meet has an above average number of arms?

A) 0; B) Nearly 0; C) 0.5; D) Nearly 1; E) 1



Q13 (2 minutes)

What is the value of

$$\left(\sqrt[7]{\sqrt[6]{\sqrt[5]{\sqrt[4]{\sqrt[3]{(\sqrt{3})^{20160}}}}} \right)$$

A) $\sqrt{3}$; B) 3; C) 27; D) 81; E) 243

From the group round:

Q5 (7 minutes)

My DAD was always listening to Iron Maiden in his youth. He HAD A HI-FI but always used to listen to it at full volume. Now he needs a hearing AID.

If

DAD + HAD + A = HIFI
and each letter represents a different digit,
what is the value of AID?

Q8 (5 minutes)

I think of a 2-digit number.
I reverse the digits to get a second number.
The sum of these two numbers is a factor of the product
of these two numbers.
What is the smallest number I can be thinking of?

And one of the long term questions (to be answered
over the duration of the competition)

There are 100 square tiles of equal size on the floor of a room, which are arranged in a square pattern. Each tile is either white or black. The black tiles all form one contiguous region; that is, one can draw a path from any black tile to any other black tile without going through any white tiles. However, four black tiles never meet at a single corner; any 2 tile by 2 tile region must have at least one white tile. The white tiles form ten separate contiguous regions. Each white region is represented by a number in one of that region's squares. The number represents how many white tiles make up that region. For example, the 7 is contained in a region of 7 white tiles. Remember that the black squares form a single region without any two by two areas.

Professor Marcus du Sautoy, who counts as one of his roles the popularization of mathematics in the UK was an invited guest for the event. Marcus lives his life by prime numbers. He has written a book on the subject

'The Music of the Primes' and was happy to share with all his theory of why Beckham chose the 23 shirt (apparently all the star players for Real Madrid wear prime numbers), why his football team got promoted after they wore only prime numbered shirts and why cicada's rely on prime numbers to survive.

The conclusion of the event was a Gala dinner for all the competitors and their teachers, with sudoku place mats and table games the last challenge. Marcus gave a final talk about what inspired him to excel at mathematics (essentially the simplicity associated with logical thinking) before the final awards, prizes and cup were presented. The winning scores were very impressive indeed.

Individual Winners:

- 1st Eng Seng Ng of Singapore American School
- 2nd Oliver Huang of King George V Hong Kong
- 3rd Nazim Uddin of Australian International School Singapore

Team Winners:

- 1st King George V Hong Kong
- 2nd Singapore American School
- 3rd Island School Hong Kong

Of the 117 competitors there will hopefully be more than a handful of budding actuaries. If the enthusiasm at the dinner was anything to go by they will serve the profession well.



The Competitors are working hard!



Professor Marcus du Sautoy with the winning team from KGV



Winners of the individual competition (from left to right: Eng Seng Ng of Singapore American School, Oliver Huang of KGV Hong Kong, Nazim Uddin of Australian International School Singapore)

Promotion of Graduate and Summer Employment of PolyU Students

The PolyU generously invited your support to promote employment opportunities for their students.

In this coming summer, about 4000 graduates and 5000 undergraduate students from a wide range of courses will be available respectively for graduate employment and summer jobs during late May to late August.

If your company have suitable vacancies for those students, you can post your advertisement on-line at the Joint Institution Job Information System at <http://www.jjis.org.hk> (Hotline: 2358 8868). For further information, you are welcome to contact the staff members below.



Mr. Jack Kwan
Counseling Specialist (Personal and Career Development)

Tel: 2766 6803

E-mail: sajack@net.polyu.edu.hk

Miss Irene Tsui
Assistant Partnership Development Manager

Tel: 2766 6805

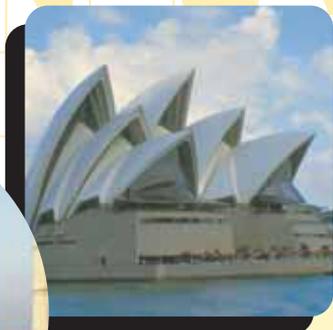
E-mail: saitsui@inet.polyu.edu.hk

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If you are a client requiring our services or an individual seeking career advice please contact the relevant office:

For UK, Europe, Middle East

32 Threadneedle Street,
London EC2R 8AY
Tel: +44 (0)20 7763 6261
actuarial@darwinrhodes.com

For Asia Pacific, India

Suite 1103, Tower 1, Lippo Centre,
89 Queensway, Admiralty,
Hong Kong
Tel: +852 3101 0930
recruit@darwinrhodes.com.hk

Level 2, Raheja Centre Point
294 CST Rd, Near Mumbai University
Santacruz (E)
Mumbai 400 098 India
Tel: +91 22 5507 8764
recruit@darwinrhodes.co.in

For Americas

Suite 237, Level 3
75 Maiden Lane
New York NY10038
Tel: +1 212 402 7830
recruit@darwinrhodes.us

For Australasia

Suite 10.03
46 Market Street
PO Box Q110, QVB
Sydney NSW 1230
Tel: +612 8264 0327
recruit@darwinrhodes.com.au



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Do you Sudoku?

Enough of Crossword Puzzles? This time we are introducing the new Sudoku game, a puzzle fast gaining popularity the world over.

How to play: fill in each square with a number so that each row, column and each 3 X 3 block contains 1 to 9.

				9	2			
		8		3			9	
9		2		8			7	3
						1		
		3	7				6	
	7			6				
			2	4				
1	5	6						2
	4		6				8	9

Solution for last issue's Puzzle Corner:

1	S	A	2	G	I	3	T	4	T	A	R	5	I	U	6	S	7	B	U	8
	L		L		A		N		N		E		A		C					
9	E	X	E	C	R	A	T	E	S		10	V	I	R	G	O				
	I		A		A		E		U		E									R
11	G	E	M	I	N	I		12	F	L	A	R	E	13	S	U	P			
	H				T				T					A						I
14	T	A	15	U	R	U	S		16	S	E	R	17	A	G	L	I	O		
					R		L		18	H		D		N		I				
19	T	O	U	R	A	C	O	S		20	P	I	S	C	E	21	S			
	R		B							M				M						T
22	A	Q	U	A	23	R	I	U	S		24	C	A	N	C	E	R			
	V					I	N		26	S		T		H		A				
27	A	R	28	I	E	S		29	C	A	P	R	I	C	O	R	N			
	I		D		K				L		A			O		L				G
30	L	E	O						31	S	T	E	A	M	E	N	G	I	N	E

Reference: <http://quicksitebuilder.cnet.com/neilshpherd/>

We believe ASHK members would love a challenge. This time we have a prize to give to the one who submit the first correct entry.

Join the puzzling craze and submit your entry to ASHK Office by email: actuaries@biznetvigator.com NOW!





The Actuarial Society of Hong Kong

NEWSLETTER

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Editor

Sim Ng
Tel: (852) 3667 8907 Fax: (852) 3667 8937
E-mail: sim.ng@cba.com.hk

Assistant Editors

Greg Brennan
Tel: (852) 2843 9325 Fax: (852) 2525 8881
E-mail: greg.brennan@ap.ing.com

Bonita Leong
Tel: (852) 2510 5031 Fax: (852) 2104 2791
E-mail: bonita_leong@manulife.com

Andy Liu
Tel: (852) 2582 5619 Fax: (852) 2598 1914
E-mail: andy_liu@swissre.com

Henry Lok
Tel: (852) 2973 5377 Fax: (852) 2295 3979
E-mail: hlok@latitudecapital.com

Bronwyn Loong
Tel: (852) 2519 1553 Fax: (852) 2598 5736
E-mail: bronwyn.loong@axa.com.hk

Sandra Tso
Tel: (852) 2588 7166 Fax: (852) 2877 6221
E-mail: sandra.tso@transamre.com

Victoria Wen
Tel: (852) 2887 2686
E-mail: dantes19@yahoo.com

Kitty Yan
Tel: (852) 2820 8204 Fax: (852) 2827 7700
E-mail: kitty.yan@watsonwyatt.com

Coordinators (ASHK Staff)

Patricia Kum
Tel: (852) 2147 9418 Fax: (852) 2147 2497
E-mail: patkum@netvigator.com

Sarah Hui
Tel: (852) 2147 9419 Fax: (852) 2147 2497
E-mail: actsoff@netvigator.com

Christina Lai
Tel: (852) 2147 9420 Fax: (852) 2147 2497
E-mail: actuaries@biznetvigator.com

Contributions to the ASHK Newsletter

We welcome members' contribution to the following sections of the ASHK Newsletter: *Feature Article*, *Actuaries on the Move* and *Do you Sudoku?*

Send correspondence to the ASHK Office at the address below. When sending in correspondence which has been created in a word processing program, when possible, email a copy of the file to either the editor's or the coordinators' e-mail address. Publication of contributions will be at editor's discretion.

Corporate Advertisement

The ASHK will accept from insurance companies' or actuarial consulting firms' advertisements in the ASHK Newsletter provided that the advertisements do not detract from the actuarial profession. Positioning of advertisement will be at the editor's discretion.

File Formats:

Advertisers have to supply the artworks which should be created in MS Word/PowerPoint/JPEG/PDF formats.

Advertising Rates:

	One Off	Whole	Year
Full page	HK\$4,000	HK\$3,600@	
Half page	HK\$2,000	HK\$1,800@	
Quarter page	HK\$1,000	HK\$900@	

To advertise, please contact the ASHK Office by tel: (852) 2147 9418 / 9419 / 9420 or e-mail: patkum@netvigator.com / actsoff@netvigator.com / actuaries@biznetvigator.com



Events Calendar 2006

January		
12 Jan 06	ASHK Evening Talk	"International Accounting Standards & US GAAP Today" <i>by Mr. Tom Herget, PolySystems, Inc</i>
February		
21 Feb 06	ASHK Luncheon Talk	"The Global Tug of War" <i>by Mr. Brian Baker, Pimco Asia</i>
23 – 26 Feb 06	Education & Careers Expo 2006	
24 Feb 06	ASHK Evening Talk	"Healthcare Cost Increases: Can They Be Managed Effectively" <i>by Mr. Howard Bolnick, IAA Health Section Chairman & Adjunct Professor of Finance, Kellogg GSM</i>
March		
2 Mar 06	ASHK Luncheon Talk	"Principles Based Reserving" <i>by Mr. Geoffrey H. Hancock, Mercer Oliver Wyman</i>
24 Mar 06	SOA Associateship Professionalism Course, Hong Kong	
April		
27 Apr 06	ASHK Luncheon Talk	"Current Healthcare Issues in Hong Kong" <i>by Ms. Ingrid Yeung, Deputy Secretary of the Health, Welfare and Food Bureau</i>
May, June		
28 May – 2 Jun 06	28 th International Congress of Actuaries	"Securing the Future" Location: Paris
15 – 17 Jun 06	2006 Shanghai – Hong Kong Insurance and Actuarial Forum, Shanghai	Location: Fudan University, Shanghai
22 – 30 Jun 06	Joint Regional Seminar on Current Development in Financial Reporting	22-23 Jun 06: Kuala Lumpur 26-27 Jun 06: Taipei 28 Jun 06: Hong Kong 29-30 Jun 06: Beijing
July, August		
6 – 7 Jul 06	SOA Fellowship Admission Course, Hong Kong	
12 Jul 06	ASHK Luncheon Meeting	<i>by Mr. Martin Stevenson, IAAust President</i>
	IAAust Presidential Dinner, Hong Kong	
24 Jul – 4 Aug 06	Actuarial Seminar of East Asia	Location: Tokyo
3 – 4 Aug 06	Institute (UK) Modelling Module CA2 Workshop, Singapore	
14 – 17 Aug 06	SOA Course 7, Hong Kong	
October		
23 – 27 Oct 06	Health Seminar in Shanghai	<i>by Mr. Howard Bolnick, IAA Health Section Chairman & Adjunct Professor of Finance, Kellogg GSM</i>
November		
14 Nov 06	ASHK 3 rd Annual Dinner	
15 Nov 06	ASHK 6 th Appointed Actuaries Symposium	
December		
12 Dec 06	ASHK Annual General Meeting	