



ACTUARIAL SOCIETY
of
HONG KONG
香港精算學會

Hong Kong Actuaries

Actuarial Society of Hong Kong's Newsletter

SUMMER
VOLUME

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Aug 2018



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Interview with Ms. Elaine Chan - Voluntary Health Insurance Scheme (VHIS)

VHIS: Ready for Take-off?

VHIS: A First Step towards a Future-ready Healthcare Scheme for Hong Kong – the Importance of Taking a Multi-stakeholder Approach

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RBC Readiness: An Actuarial Approach to Driving Business Change

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Feature Articles:

Voluntary Health Insurance Scheme

Call for Articles or Views for the next issue of Newsletter

While all articles are welcome, we would especially like to receive articles for the Feature Articles and Knowledge Sharing sections. If you have written any inspiring articles or have read any interesting articles from other actuarial organisation(s), please feel free to let us know. We will try to reprint the article(s) in our newsletter to share with our members. For the above issues, please e-mail your articles or views to Rachel Chu by email at rachelchu@bluecross.com.hk or ASHK Office by email at info@actuaries.org.hk

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Note: Views expressed are not necessary those of The Actuarial Society of Hong Kong

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Dear Readers,

In this issue, we will feature the long-awaited Voluntary Health Insurance Scheme (VHIS). The VHIS is a government-regulated health insurance scheme in which insurers and consumers can choose to participate. It has been under discussion, including public and industry consultation, for several years, is finally set to materialize and announced on 1 March 2018.

We are very honoured to have an interview with Ms. Elaine Chan, Member of Food and Health Bureau VHIS Consultative Group and CEO of Heals Healthcare, to talk about the scheme. Also, let's give a special thanks to Ms. Florence Li for her lining up with this interview.

We are also glad to have support from Mr. Cyrus Leung and the Health Committee of ASHK that we can reach out to Mr. Stephen Kwan and Mr. Zhaoyu Zhong of Swiss Re and Mr. Bob Charles of Coherent Capital Advisors to have them to share with us on this topic.

In addition to the feature articles, Mr. Clayton Balkind and Ms. Yee Yung Yung of Deloitte to talk about the challenges of Risk Based Capital. There are lots of changes on the regulatory and financial reporting regimes that insurers must get ready for. Hope this article could provide useful tips on how to implement the framework.

In June, we announced the launch of ASHK Examinations on Hong Kong-specific knowledge. It is an important step for our Society in pursuing statutory recognition. Please be reminded to take note on the grandfathering and transition arrangements.

Wish you all an enjoyable summer!

Best Regards,
Rachel
Editor



LAUNCH OF ASHK EXAMINATIONS

on Hong Kong Specific Knowledge



The ASHK is pleased to announce the roll-out of its local actuarial examination (on top of the overseas professional examinations) applicable to new Fellow of the ASHK post transition period (*defined as below*). This is one of the enhancements made to prepare the ASHK in becoming a statutory body. ASHK will develop and introduce a set of local actuarial examinations as a prerequisite for the new Fellows of the ASHK starting from 1 January 2019 (*note 1*). By passing the examinations, candidate would demonstrate his/her knowledge in the local landscape and the actuarial guidance notes as well as to gain appreciation in professional standards.

Different examination curriculum is made available to the members. The examination curriculum covers areas of local regulations and industry practices pertaining to actuaries in Hong Kong practicing in life insurance, pension, general insurance and investment. ASHK members who would like to gain knowledge and practical appreciation in Hong Kong's actuarial regulatory environment, business practice, professional conduct code, and actuarial guidance notes relevant in practice areas of life insurance, pension, general insurance and investment are welcomed to take the examinations. However, to qualify as ASHK Fellow, members must meet the new eligibility requirements below (*note 1*) after the transition period. There are no exemptions for the examinations for members joining after 1 January 2019.

It is encouraged that candidates take the examinations early on to demonstrate sufficient understanding in local landscapes which will help candidates to discharge their actuarial professional responsibilities.

Grandfathering & transition arrangements

All existing ASHK Fellows who hold valid membership status on 1 January 2019 will be eligible for grandfathering (*note 2*). Any members who have subsequently lapsed their membership, regardless of any reasons, will however require to pass the examinations to requalify as Fellow of the ASHK thereafter.

Notes:

1. The examination requirement is subject to the approval of the Companies Registry and ASHK members on the alteration of ASHK Article of Association (Articles). ASHK members are urged to support this initiative to assure that actuaries practising in Hong Kong has the relevant local knowledge.

The ASHK Council, Professional Matters Committee and Strategy & Strategy Path Committee have recently completed the modernisation of its ASHK Articles to ensure it is fit for current development of the profession and align with the best governance practice in Hong Kong. One of the proposed changes is that the Council intends to impose an additional admission requirement for Fellow Members, requiring applicants to pass the local professional examination.

The ASHK is seeking prior approval from the Companies Registry on the alteration of ASHK Articles. Upon receipt of the Companies Registry's approval, ASHK members will then expect to receive a consultation on these changes and have an opportunity to vote on them in the latter part of the year 2018.

2. Grandfathering requirements will be announced in due course. ASHK may introduce a Professional Development Course as part of the grandfathering requirement.

Council, Curriculum/Examination Taskforce,
Membership & Communications Committee,
Professional Development Committee and
Strategy & Statutory Path Committee

– Simon Lam and Nora Li



Launch of Local Actuarial Examinations (Cont'd)

Eligibility requirements for fellows of the ASHK post transition period (note 1)

The new eligibility requirements for the Fellows of the ASHK post transition period will be as follows:

- a. Any person who satisfies the requirements of paragraph (b) AND (c) below and who is nominated by two Fellow Members shall be eligible to become a Fellow Member.
- b. He/She is a fellow member of at least one of the following accredited actuarial bodies:
 - ◆ Actuaries Institute Australia
 - ◆ Casualty Actuarial Society (CAS), USA
 - ◆ Institute and Faculty of Actuaries (IFoA), UK
 - ◆ Society of Actuaries (SOA), USA
 - ◆ Appropriate professional actuarial qualification other than the above and practical experience as approved by the ASHK Council
- c. Obtain passing grade on Core paper, AND one of the four Elective papers, i.e. Life Insurance, General Insurance, Pension, Investment.

Phase & timeline

The relating phase and the timeline of the examinations are as follows:

- ◆ Examinations are held every May and November every year.
- ◆ Each sitting will consist of a Core paper and an Elective paper.
- ◆ Core paper will be made available starting from May 2019. Registration opens January 2019.
- ◆ The Elective papers will be rolled out in two phases.
 - ◆ Phase I: Life Insurance and Pension Elective papers will be made available starting from May 2019. Registration opens January 2019. Registration for November sittings opens in July.
 - ◆ Phase II: General Insurance and Investment Elective papers are targeted to be made available starting from May 2020.

More information

Check out the examination syllabus, study guides, information brochure and FAQs at the ASHK website at <http://www.actuaries.org.hk/education.php?id=23> (Education & Career > Local Actuarial Examinations).

Your support is vital to us!

ASHK has been in a close discussion with the Financial Services & Treasury Bureau and the Office of Commissioner of Insurance (now replaced by the Insurance Authority). The regulators have made reference to the arrangements of other professions (like lawyers and accountants) whose members have obtained a professional qualification from overseas and are often required to acquire add-on local knowledge before they can practice in Hong Kong.

In view of this, the examination is considered by the ASHK Council as a necessary step towards the statutory recognition, ensuring actuaries practicing in Hong Kong have the relevant local knowledge.

Your support is important to us. Let's work together for the growth of our profession.



"Redefining the New Insurance World"

16-19 September 2018 • Kerry Hotel Hong Kong

REGISTER NOW!
www.aachk2018.org

Since 1981, the Asian Actuarial Conference (AAC) has been one of the biggest events for the insurance industry in Asia. The ASHK is proud to host this flagship event in Hong Kong this year.

Over 500 actuaries, insurance professionals and academics across Asia as well as other parts of the world have already signed up to attend this Conference!

Programme Highlights

Detailed programme schedule is now available! The Hon. Mrs. Carrie Lam Cheng Yuet-ngor, The Chief Executive of the Hong Kong Special Administrative Region will be addressing the Conference with a speech at the Opening Ceremony.

All delegates can also look forward to 1 keynote, 5 plenary sessions and 25 selected presentations from international practitioners and academics featuring latest developments and trends facing the insurance world.

Ms. Daisy Ning, Asia Head of Life & Health Products at Swiss Re will present an interesting keynote on **"Insuring the 100 Year Life"** through imagining the '100 Year Life' story of her present day school-age child from now till 2080 - as with other people of his generation. He is estimated to live beyond the age of 100 and will have a vastly different experience with insurance.

The plenary sessions will focus on **"Belt and Road"**, **"InsurTech"**, **"Risk Management in the New Insurance World - C-suite Round-Table Discussion"**, **"Market Outlook and Investment Strategy for Insurance Companies"** and **"Future of Actuaries & Professionalism"**.

Furthermore, **Year 2018 marks the 50th anniversary of the ASHK**. We invite you to be part of the AAC by joining the ASHK and delegates from around the world in celebrating this special occasion at the Conference!

Great CPD Opportunity

The 2018 AAC qualifies for CPD credits based upon professional body's CPD requirements of each delegate. A **maximum of 15.2 CPD hours*** (1 CPD hour = 60 minutes) will be awarded.

Check out our speakers, topics, sponsors, delegates and entertainment programme at the conference website at www.aachk2018.org as well as register online.

See you at the 2018 AAC in Hong Kong!

* The above CPD hours are based on the original scheduled time of the entire event (17 September: 5.7 hours; 18 September: 6.2 hours; 19 September: 3.3 hours). The amount of CPD hours recorded is left to the discretion of individual delegates.

Life Committee – Sai-Cheong Foong and Kevin Lee

Mortality and Critical Illness Study for Hong Kong Individual Assured Lives 2018

The ASHK is finalising the Critical Illness Survey 2005 to 2009 at this stage and targets to publish the report this year. Simultaneously, Life Committee is kicking off a survey regarding the latest Hong Kong Assured Lives Mortality and Critical Illness experience study. For this study, Life Committee is collecting exposure and claim data for the study period from 1 January 2010 to 31 December 2017. The purpose of this survey is to provide an overview of mortality and morbidity experience and compile the new mortality table HKA18.

To kick off 2018 experience study survey, insurers are urged to participate and respond to the ASHK Office with the data requirement by 31 October 2018.

Membership & Publications Committee – Kenneth Dai and Mary Kwan

2018 AAC Welcome Dinner cum ASHK 50th Anniversary Dinner

We are excited to share with you our plans for ASHK 50th Anniversary Dinner which will take place in conjunction with the AAC Welcome Dinner on Monday, 17 September 2018 (*pre-dinner cocktail from 5:15pm - 6:45pm at China Life Building; dinner from 7:00pm - 9:00pm at Grand Ballroom, Kerry Hotel*). Distinguished guests from regulatory, industry and professional bodies as well as AAC delegates from around the world will join this special evening. We look forward to seeing you at the anniversary celebration and AAC!

Owing to the above special anniversary, two traditional programmes (acknowledgement of newly qualified fellows and recognition of ASHK volunteers) of the Annual Dinner will be organised at the December 12th ASHK Annual General Meeting.

Non-Life Committee – Trinity Pong
Risk-Based Capital Taskforce – Peter Duran

RBC Industry Focus Group - General Insurance's Reserve Risk Paper

The Insurance Authority (IA) is currently analysing the first Quantitative Impact Study (QIS1) data collected and have started the development of QIS 2.

To take forward to the development of QIS2, IA adopts the same approach as in the development of QIS 1 through the discussion with Industry Focus Group (IFG) members on technical issues and at the same time circulate the discussion materials to keep the industry updated of the latest development.

ASHK representatives have been part of the IFG groups and recently the Non-Life Committee and RBC Taskforce wrote to the IA in mid May 2018 and provided feedback on the general insurance's reserve risk from the actuarial perspective.

Professional Matters Committee – Peter Duran
Strategy & Statutory Path Committee – Dicky Lam and Ka-Man Wong

Review of M&A and Disciplinary Code

The ASHK Council, Professional Matters Committee and Strategy & Strategy Path Committee have recently completed the modernisation of its ASHK Articles and Disciplinary Code to ensure it is fit for current development of the profession and align with the best governance practice in Hong Kong.

The ASHK is seeking prior approval from the Companies Registry on the alteration of ASHK Articles. Upon receipt of the Companies Registry's approval, ASHK members will then expect to receive a consultation on these changes and have an opportunity to vote on them in the latter part of the year 2018.



Interview with Ms. Elaine Chan - Voluntary Health Insurance Scheme (VHIS)

Elaine Chan

Member of Food & Health Consultative Bureau VHIS Group
CEO of Heals Healthcare
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The ASHK is honoured to have Ms. Elaine Chan (EC), the Member of Food and Health Bureau VHIS Consultative Group; CEO of Heals Healthcare, accept our interview to share her views on Voluntary Health Insurance Scheme (VHIS) in this issue.

ASHK: Would you briefly describe what is Voluntary Health Insurance Scheme (VHIS)?

EC: The VHIS is confined to individual hospital insurance – there are two types of VHIS compliant products, namely the Standard Plan and the Flexi Plan.

Implementation Framework

The VHIS is confined to individual hospital insurance – there are two types of VHIS compliant products, namely the Standard Plan and Flexi Plan

VHIS compliant products

1. Meeting 10 minimum requirements
2. Insurance company can voluntary opt to join



EC: Companies providing VHIS products must provide the Standard Plan. Benefits and coverage of the Standard Plan are fixed across different insurance providers.

Standard Plan – Benefits Schedule

Benefit	Limit per Policy Year	Benefit	Limit per Policy Year
Room & Board	\$750 / day max 180 days	Intensive Care	\$3,500 max 25 days
Miscellaneous Charges	\$14,000	Advanced Diagnostic Imaging Tests	\$20,000 Subject to 30% coinsurance
Attending doctor's visit	\$750 max 180 days	Specialist fee	\$4,300
Surgeon's fee (both IP and OP services)	Complex: \$50,000 Major: \$25,000 Inter: \$12,500 Minor: \$5,000 (per surgery)	Non-Surgical Cancer Treatments Radio, chemo, Target, immuno and hormonal therapy	\$80,000
Anaesthetist's fee / Operating theatre charge	35% of surgeon's fee (per surgery)	Pre- and post-Confinement/Day Case Procedure*	\$580 per visit, Up to \$3,000
Psychiatric treatment	\$30,000	Annual limit	\$420,000

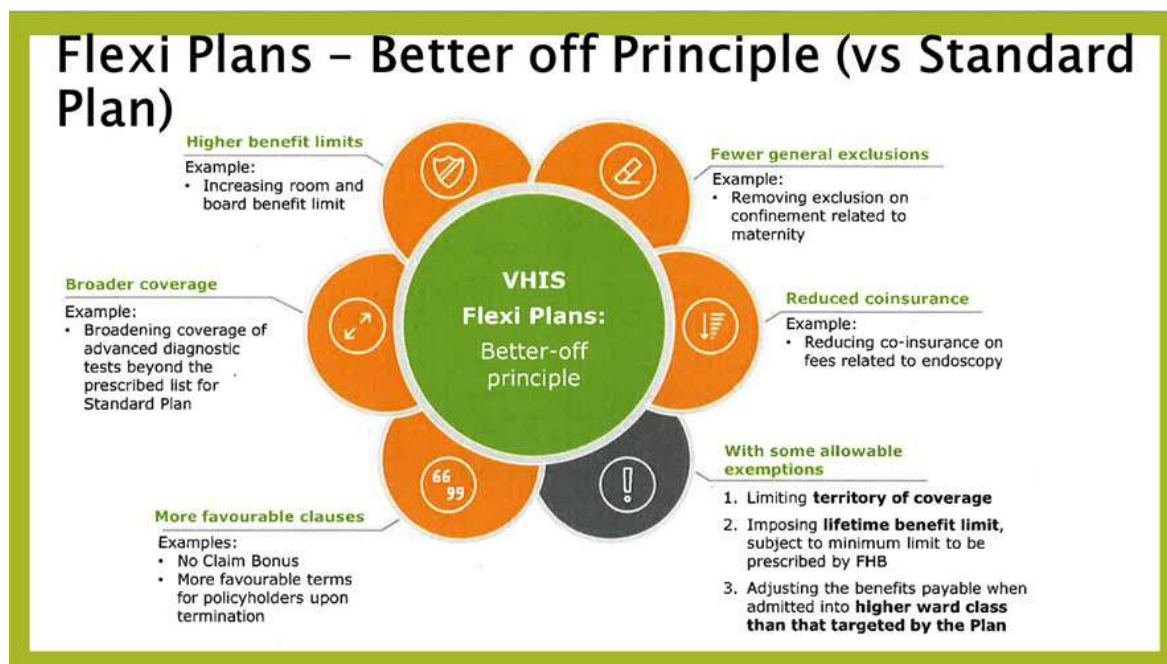
*1 prior outpatient visit or emergency consultation; 3 follow-up visits within 90 days after hospital discharge / completion of Day Case Procedure

Standard Plan – Other Requirements

1	Issue age at day 15 up to max of age 80 (normal underwriting process is required)	6	Registered as VHIS insurer and products approval is required
2	Guarantee renewal up to age 100	7	Migration options for existing insured*
3	Coverage of unknown pre-existing conditions with waiting period: <ul style="list-style-type: none"> 1st year 0% reimbursement 2nd year 25% reimbursement 3rd year 50% reimbursement 4th year onward 100% reimbursement Congenital conditions will be covered if diagnosis after age 8	8	Tax incentive <ul style="list-style-type: none"> Max \$8,000 premium per insured member as annual tax deduction; Spouse, child and dependent parent, grandparent / brother or sister; No overall maximum cap
4	No "lifetime benefit Limit"	9	Cooling off period of 21 days
5	Standardized policy terms and conditions	10	Premium transparency

*Underwriting may or may not be required depends on individual insurance company migration options on target portfolio

EC: Besides the Standard Plan, insurers can also provide Flexi Plans, of which the benefits and coverage should be no less than the Standard Plan. I am expecting there will be a high variation on the Flexi Plans.



ASHK: What do you expect on the attitude of the insurance industry toward VHIS? Prepare actively or respond negatively?

EC: VHIS (the Scheme) would be a challenge for insurers. Adjustments on the product design and modification on the IT system are required. For instance, the incorporation of the tax deduction should be a big project for most of the companies.

However, with the endorsement from the government and the potential tax incentives, the industry is enjoying a “free advertisement opportunity”. As government puts resources in promoting the Scheme, it will raise the public’s interest and discussion on the health insurance products. The community will start talking about the scheme, discussing whether they should buy VHIS products, or whether they should migrate their existing health insurance policies to VHIS.

I would describe VHIS as an opportunity more than a challenge. Firstly, current policyholders may transfer their policies to VHIS policy. It increases premium income with upgraded product features and a broader protection coverage; secondly, the promotion of VHIS will encourage more customers who are not currently covered by any medical insurance products to participate in the scheme; last but not the least, VHIS will affect group medical business. Employees will compare their group insurance coverage with features of VHIS products. Group insurance coverage will potentially be upgraded.

ASHK: Will customers / insurers prefer Flexi Plans to Standard Plan?

EC: It is very hard to tell. Customer’s preference depends on their income as the Flexi Plans may potentially be much more expensive than the Standard plan. Insurer’s preference depends on their product and distribution strategies: whether they want to compete on price on the Standard Plan or they want to compete on the coverage on the Flexi Plans.

ASHK: From your perspective, will the introduction of VHIS affect the sales of existing medical insurance plans? How many people are expected to convert the current medical plans to VHIS?

EC: VHIS will definitely affect the sales of the existing medical insurance plans. Some existing health insurance policyholders may choose to migrate to VHIS policies upon renewal. Currently, on average, there are around 100,000-200,000 new health insurance policies issued annually. I believe that most of these customers would prefer VHIS products, no matter it is Standard Plan or Flexi Plans, to other medical products. In addition, there are some customers who currently are not interested in buying any medical insurance plans will also join VHIS. As a result, in the coming two years, it is estimated that there will be around 1 million VHIS customers, in which around 800,000 are transferring from the existing health insurance policies, and around 200,000 are coming from the non-insured population.

ASHK: *With the introduction of this scheme, what is the benefit to the industry? Are the plans of this scheme attractive to the insurance companies?*

EC: Apart from the opportunities mentioned above, I am expecting a decreasing number of complaints as a result of the standardisation of terms and conditions. The protection coverage provided by the different companies will also be aligned, as a result unnecessary disputes between policyholders and insurers due to misunderstanding of the coverage of the policy will be reduced/avoided.

ASHK: *What are the biggest risks and challenges faced by insurance companies?*

EC: Policy migration is the biggest challenge. Insurers should decide their migration arrangements:

1. Force migrate to the VHIS policies, without re-underwriting. Under this arrangement, the premium must be increased with enhanced benefit coverage when compared with the existing policies. Customers will have an impression that they are forced to accept a more expensive product and lose the freedom to stay with a cheaper policy (from the same insurer); or
2. Allow policyholders to opt to switch to VHIS but subject to re-underwriting or opt to stay with the existing health insurance policies. Under this arrangement, Insurers must maintain two policy portfolios. Moreover, there is a certain chance that customers won't pass the underwriting requirements if they opt to switch to VHIS. Also, due to the increase in premium, they may choose to stay with the existing policies despite the incentive of tax reduction.

The above two arrangements are only allowed on the product / portfolio level. Insurers are not allowed to offer the arrangements on the individual basis.

Another challenge is the future product design. Standardising the coverage makes VHIS features an implicit baseline to other medical products. Insurers may have no choice but to include all coverage in their new medical products, as customers will compare the product features with VHIS products. People will probably also make a comparison between their group insurance coverage and VHIS products coverage. As a result, VHIS product features frame the features of the future new medical products.

Regulation is also a challenge for the insurers. Approval on each VHIS product is required. Like investment link products, the products need to be reviewed by not only the Insurance Authority. For VHIS, insurers are required to compliant with the requirement and guideline issued by the Food and Health Bureau. You can imagine how complicated the approval process will be.

ASHK: *In the long run, which part of VHIS does the insurance industry want to fine tune?*

EC: It would be better if the government provides a tax incentive to the policyholders of the existing medical plans even if they are not migrating to VHIS. These policyholders may not want to migrate to VHIS due to the increased premium or the re-underwriting process.

Some insurers are worried that VHIS may be abused by the private healthcare services by claiming the maximum coverage. We have been asking the government to increase the price transparency of the private healthcare service. Doctors will know the minimum amount of coverage of patients holding a VHIS policy while the claim department of an insurer can ask for a detailed breakdown of price if they have doubts. After all, the patient should have the right to know the expected medical cost (before he/she leaves the hospital).

Even though there are some refinements that can be done, it is the time to implement our plan for VHIS. We have been discussing VHIS for a decade. And it can last for another decade if we continue such discussion. We cannot receive feedback, fine tune VHIS, and engage more customers until we implement our plan.

ASHK: *Do you foresee any impact on actuaries from VHIS?*

EC: Pricing VHIS products will be a challenge for actuaries. They may not have enough data to price some benefits, like the psychiatric benefit.

Another impact for the actuaries is they need to incorporate their companies' product strategies. Companies focusing on promoting Flexi Plans may offer less price incentive on the Standard Plan; companies focusing on promoting Standard Plan may offer a stronger price incentive (such as charging less at the first few policy years).

Acquisition cost will affect the pricing as well. With the promotion of the government, insurers may not need to rely on the agents to sell VHIS products. The use of digital channels will also potentially reduce the acquisition cost of VHIS products.

ASHK: Is there anything else you would like to share?

EC: I would like to emphasise the timetable. Regarding the tax incentive, we are hoping that Legislative Council can pass the bill to amend Inland Revenue Ordinance by the end of October 2018. VHIS products will be launched by April 2019. I guess many insurers are already ready to sell VHIS products right now.

However, it will be a challenge to keep a stable premium income between October 2018 and April 2019, as customers may choose not to purchase medical products until VHIS are available. 📌



VHIS: Ready for Take-off?



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Why a voluntary health insurance scheme?

Healthcare is a public policy challenge almost everywhere in the world (just look at the US) and Hong Kong is no exception. It's not that Hong Kong is in such a bad place: according to the Japan's own Ministry of Health we edged out Japan as the Number One for global life expectancy in 2017. We provide heavily subsidised, high quality hospital treatment to all who need it.

But excellent healthcare doesn't come cheap:

- Medical advances push up costs.
- There are wide disparities in the cost of similar treatments from different healthcare providers.
- Our population has been fast-growing and is now fast-aging - both factors putting increasing pressure on the public health system.
- Only a third of Hong Kong people have any private health insurance, whether from their employer or self-purchased. So, a lot of private healthcare is paid for out-of-pocket and reliance on the public system is high.

The "Health Protection Scheme" for tax-incentivised private health insurance to relieve the strain on the public system was first proposed way back in 2010. Given the agonies we have seen in changing MPF offsetting, its good news that VHIS has seen the light of day after 'only' 8 years.

Reminder: VHIS means what for insurers?

From September of this year, the Food and Health Bureau opens its doors to insurers applying for certification of hospital expense reimbursement products as VHIS compliant. A "Standard Plan":

- Is for meeting hospital, not outpatient, bills (though does cover certain procedures that can be provided, more cheaply, by clinics on an outpatient basis).
- Provides a minimum level of coverage and benefits.
- Covers treatment from any medical provider chosen by the customer.
- Covers unknown pre-existing conditions.
- Covers certain non-surgical procedures, advanced diagnostic tests and psychiatric treatment.
- Offers guaranteed renewal up to age 100.
- Meets certain restrictions on cost-sharing.
- Allows customers to request information on what is expected to be covered before they go for treatment
- Limits annual claims to HK\$420,000.
- Has no additional limits on lifetime claims beyond any annual limits.

All Standard Plans will be highly comparable. Insurers are free to innovate by offering "Flexi Plans" which are VHIS-compliant and have additional product features for which customers may be prepared to pay more.

Entering the VHIS market is entirely optional with free market pricing. Insurers:

- Are free to underwrite, price and decline customer applications as they see fit.
- May exclude known pre-existing conditions.
- Must publish premium rate tables (rating by gender, age and 'lifestyle' factors such as smoking is allowed).
- May add risk loadings for individual customers to the published rates based on underwriting.
- May revise the premium rates on renewal; but not re-underwrite or increase risk loadings for particular customers.



Will VHIS policies sell?

The initial tax incentive for VHIS is a deduction from taxable income of up to HK\$8,000 for each family member. So consider some statistics relevant to scoping the potential market:

- There are 1.8 million Salaries Tax payers in Hong Kong according to the IRD's Annual Report.
- Adding in their dependent family members, the potential market for VHIS exceeds 3 million people.
- But there are 1.7 million employees and their family members already covered for hospitalisation benefits under group plans provided by employers (see Thematic Household Survey Report No. 63): VHIS is only applicable to individual medical policies.
- There are currently 2.4 million people covered for hospitalisation benefits under individual insurance policies. Most would be in families with a Salaries Tax payer: only 8% were over 55 years of age, so the number of retired people with private health insurance is relatively small.

Government promotion of VHIS, and the ease of comparing the prices of the Standard Plans of competing insurers, should stimulate the market for private health insurance.

The tax benefits are real but not huge. I estimate that a single taxpayer would need to be earning around HK\$20,000 per month for the tax benefit to cover 10% of the Standard Plan premium (higher earners would get bigger tax benefits). This might not be a clincher for someone considering buying health insurance for the first time. However, the tax benefits would be larger if insurance is also purchased for dependants: especially if their parents are included.

Many potential customers for private health insurance are unable to obtain it because of existing medical conditions, or unable to afford it because of the higher premium rates at older ages. VHIS doesn't address these issues (unless you can persuade your kids to save tax by buying your health insurance for you...).

Insurers participating in VHIS must offer a Standard Plan (and may also offer Flexi Plans) to all of their existing customers with individual hospitalisation expense reimbursement policies without any re-underwriting. It is likely that the interest in VHIS of such customers will be high because of the new tax benefit.

Putting all of the above together implies a guesstimated potential customer base of up to 2 million people. Paul Chan's 2018 Budget speech forecast 1.5 million VHIS participants (including 0.5 million participants who don't enjoy any tax benefits) within 3 years which implies a somewhat aggressive conversion rate.

And what's it going to cost?

Based on current market pricing for medical products that are similar to Standard Plans; the annual premium for a Standard Plan might be of the order of HK\$2,000 to HK\$4,000 for under 35s, going up to over HK\$10,000 for customers into their 60s or 70s.

Many VHIS policies will therefore not benefit from the maximum HK\$8,000 tax deduction.

My guesstimated potential market size is up to HK\$6 billion of premiums annually.

Is this all attractive enough for insurers to enter the VHIS market?

Given that Hong Kong's main life insurers already sell long-term renewable hospitalisation insurance, it seems inevitable that most will seek certification of VHIS compliant products. Whilst profitability of individual health products varies, it's an important product category for any insurer seeking to meet customer needs.

So, to avoid losing market share, insurers will need to play notwithstanding their concerns about:

- Coverage for extra tests and psychiatric treatment;
- Coverage for unknown pre-existing conditions;
- More standardisation likely meaning more price competition;
- Migration complexities for existing customers;
- Additional layer of regulation from the FHB; and
- Greater public and media scrutiny of health insurance.

I expect that at least some of the larger insurers will actively promote their VHIS products (perhaps with the aim of maximising take-up of higher value Flexi Plan products) and push them out through their distribution channels. It won't take many such insurers to create the competitive market that the Government is seeking. From this perspective, I expect that VHIS will be a success.

But it seems less likely that any insurers will be successful in attracting away large numbers of their competitors' existing customers. The earliest proposals for the Health Protection Scheme included frictionless transfers between insurers, but these ideas have been dropped. An insurer's own customers with existing health insurance policies may convert to a VHIS plan without re-underwriting; but replicating this for customers of a competitor would be a complex and high-risk approach. So I expect the main battle ground to be for first-time customers, newly attracted into the market by the tax incentives and Government promotion.

Any impact on employer-based health insurance business?

Employees with hospital cover from their employers aren't going to buy VHIS policies but they will be interested in a comparison of their benefits against those of the Standard Plan. Some employers will feel pressured to review their employee benefits plans with the possibility of making some enhancements to hospitalisation coverage.

For those employer plans with comprehensive out-patient coverage, but low limits on reimbursement for treatment of serious conditions this could be a useful wake-up call.

It's possible that some employers may consider withdrawing from providing group benefits to give employees the opportunity to grab the VHIS tax benefits. But the advantages for employees of group-based pricing and insurability would make this of doubtful value. Perhaps for SMEs we may see some shift at the margin.

What about the wider social policy objectives?

VHIS will make private healthcare more accessible to more Hong Kong people. But it won't change the fundamental economics of healthcare unless it also stimulates an expansion in the supply of private sector healthcare. Mitigation of the long-term trend of increasing healthcare will require a more multidimensional approach: addressing sensitive issues such as:

- Land supply for private medical facilities.
- A unified medical e-records system.
- Whether the shortfall of medical practitioners means more flexible recognition of overseas medical qualifications would be desirable.
- The Regulation of the transparency of medical pricing.

The original Health Protection Scheme envisaged guaranteed acceptance, with high risk customers being reinsured under a Government-funded high-risk pool. Abandoning this idea generated media scepticism that VHIS has been watered down to protect insurers' profits, echoing public cynicism about the MPF. This is unfair: universal private healthcare access was an overly ambitious policy goal. It is better to make a start in expanding private healthcare insurance. The next step should be policies that increase in supply and efficiency.

So, all in all, is this a big deal for Hong Kong's insurance industry?

I'd say "yes!" Watch out for the first VHIS sales hitting the streets in April 2019.

And for Actuaries?

Unless you have the joy of working in a product team sweating out the details of VHIS implementation then you can probably stay detached from VHIS. But it would be a shame if we miss the opportunity to contribute to the public policy debate. Healthcare is now firmly on Hong Kong's political agenda. Actuaries have a responsibility to inform a facts-based public discussion. 🇭🇰



VHIS: A First Step towards a Future-ready Healthcare Scheme for Hong Kong - the Importance of Taking a Multi-stakeholder Approach



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People all over the world are living longer and the economic implications of this are considerable as society looks for ways to balance demand for healthcare with the increasing cost of providing it. This is particularly true for the situation in Hong Kong where public healthcare system is under immense stress. Public hospitals are estimated to be providing 90%¹ of hospital medical service and are overcrowded with long patient waiting time.

Finding ways to create and implement a health insurance system that fills this gap by providing adequate cover for everyone regardless of their wealth should be a priority for governments everywhere. Amongst recent discussions, we believe Hong Kong has taken a positive step forward by introducing its Voluntary Health Insurance Scheme (VHIS) – an important milestone as it aims to build a more resilient society.

Standardising and broadening medical coverage in Hong Kong through VHIS

Since the Rainbow Report in 1993, Hong Kong's government, insurance and healthcare industries have been working towards the common goal of building a sustainable healthcare ecosystem. The scheme in its current form is the result of a significant, multi-stakeholder effort that should go some way to incentivising uptake of health insurance while putting measures in place that will help manage costs.

The standardised terms and conditions will reduce complexity and raise higher awareness for customers, especially for those who had no prior health or medical insurance, enabling more customers to understand and compare medical insurance products, while also setting out minimum requirements that will enhance customer confidence in insurance. Tax incentives will support this by promoting insurance take up for sufficient protection against unexpected healthcare needs.

Amongst numerous policy measures the Hong Kong Government has introduced, the VHIS is a more pragmatic, imminent one that is set to develop a stronger ecosystem for sustainable healthcare, amidst others medical reform bills and the private healthcare facilities bills. The latter bill will help provide much-needed transparency in the pricing of medical procedures, which is key to providing customer protection and creating a more effective, economical market.

While there are debates within society on the scheme design, from the inclusion of "guaranteed acceptance" to "portable insurance policy", it is important for us to remember that the VHIS is already a major first step in making the private healthcare and medical system more accessible to customers in Hong Kong. Many stakeholders have put significant effort in making VHIS a reality and, while it is not perfect, it is premature to dismiss the positive impact this scheme can bring.

There will be no better time for residents in Hong Kong to take advantage of the VHIS and take up medical insurance coverage with greater affordability and extended benefits.

¹ Overview of the health care system in Hong Kong and its referential significance to mainland China, Journal of the Chinese Medical Association, Volume 78, Issue 10, October 2015, pages 569-573.

Healthcare policy for an aging population – referencing from Singapore

Crafting healthcare policy is a complex task and, as ever, there is much to be learned from the experience of other governments with similar challenges. Singapore, like Hong Kong, has been going through a round of health reform in response to escalating medical inflation and aging population. Experience from Singapore could shed insight into the possible next steps for Hong Kong after VHIS implementation.

Like Hong Kong, medical insurance penetration is very high in Singapore. Integrated Shield Plans (IPs) are inpatient medical insurance schemes provided by commercial insurance providers as top up on the MediShield Life which is the not-for-profit universal health insurance scheme. The offering of IPs is regulated by the government and only six insurers are permitted to offer IPs today in Singapore.

The Singapore Government also provides pricing transparency of various medical procedures. Information such as cost of common procedures performed by individual practitioners can be found on the Ministry of Health (MOH) website. Patients in Singapore are provided with a budget estimate upon admission to hospital. The Singapore Medical Association (SMA) Guidelines on Fees for Doctors (GOF) were removed in 2007 with the intention of increasing the competition of medical consultation and procedure fees in the primary and specialist healthcare sectors.

Overcoming challenges through cross-industry collaboration in Singapore

There has been significant increases in healthcare spending in Singapore over the past five years, on aggregate and per-capita level. On the commercial health insurance side, all six IP providers suffered underwriting losses in 2016 for the first time in history. In 2016, losses made by IP providers range from S\$7 million to S\$29 million.

In response to the challenge, the Health Insurance Task Force (HITF) was formed to bring relevant stakeholders in healthcare together to collaborate and make recommendations to build a more sustainable healthcare system for all.

The HITF is an initiative from insurance industry in which insurers, consumer groups, healthcare professionals and government, has "recommended targeted measures involving all stakeholders with the aim of steering them towards more efficient outcomes to keep claims escalation in check and IP premium levels affordable"², including:

- "Introducing medical free benchmarks / guidelines"²
- "Clarification on existing process to surface inappropriate medical treatment"²
- "Enhancing insurance procedures and product features"²
- "Educating customers"²

The recommendations from the HITF have been taken seriously by the Singapore government. Actions have been taken which include:

- Appointing a 13-member committee to review and set up Medical Fee Benchmark (MFB) for medical service fees. MFB will be maintained by the Ministry of Health and was launched in 2018. The benchmark now acts as a reference point in case of a disciplinary action by the Singapore Medical Council. The move is supported by the Singapore Medical Association.³
- Introducing 5% co-payment requirement for new IP rider⁴.
- Providing education to the public with regards to over-consumption of medical services⁴.

Implications for Hong Kong's VHIS implementation

In summary, Singapore's experience provides two very significant insights for the possible next steps after VHIS implementation.

Firstly, there is always room for insurers to take a more proactive role in recommending policy changes. The experience in Singapore is a very encouraging example of how initiatives and recommendations by industry can be well received and implemented. As experts in risk management, the insurance industry is capable of driving continuous improvement in healthcare policy and governments do recognise this.

² Managing the cost of health insurance in Singapore, Health Insurance Task Force, 13 October, 2016.

³ Ministry of Health to introduce fee benchmarks for medical procedures, Channel News Asia, Chan Luo Er, 30 November, 2017.

<https://www.channelnewsasia.com/news/singapore/ministry-of-health-to-introduce-fee-benchmarks-for-medical-9455528>

⁴ 5% co-payment for new Integrated Shield Plan riders to help address over-consumption of medical services, Channel News Asia, Jalelah Abu Baker, 7 March, 2018.

<https://www.channelnewsasia.com/news/singapore/5-per-cent-co-payment-new-integrated-shield-riders-10021398>



Secondly, the introduction of Medical Fee Benchmark has demonstrated agility to change due to the dynamic nature of healthcare market. Healthcare market requires continuous review to account for the evolving market demand and supply for this complex ecosystem in Hong Kong. For the VHIS to be successful and sustainable, the scheme needs to be designed to reflect the views and expertise of all industry stakeholders, particularly healthcare and medical service providers, as well as introducing the transparency of some value- or quality-based assessment metrics to assure the quality of healthcare in the long run. It requires further consultation with the medical service industry in striking the balance that can address the rising medical costs and premium affordability for general consumers.

Role of reinsurers in supporting the industry to get ready for the VHIS

As close partners with insurers on various fronts, reinsurers are well equipped in supporting insurers to prepare for the VHIS. This would encompass:

Driving differentiation for insurers: Insurers will need to find ways to build differentiation for customers within a market that has become increasingly homogenised. Reinsurers are very good at facilitating partnerships between insurers and partners beyond the insurance industry, allowing them to benefit from new sources of technology and expertise that can be used for product innovation.

Advising insurers with global experience: Reinsurers who have experience in launching similar medical schemes in other developing and mature markets are well positioned to advise insurers on the opportunities and pitfalls when adopting VHIS. At times of expanding the customer portfolio and benefit coverage, reinsurers should also be able to recommend insurers on the additional underwriting and onboarding criteria.

Managing policy migration options: Reinsurers will be instrumental in facilitating policy migration of policies into VHIS compliant plans. They can provide solutions with delicate balance between friendly customer experience and risk management to maximise customer value and mitigating risks such as revenue loss or reputational issues.

Advocacy for the industry: Reinsurers being sharer of risk will continue to work with insurers to advocate for policy changes to make more accessible for a wider pool of customers arising from the VHIS.

Change for the better

The introduction of the VHIS is a significant achievement that will have a profound impact on Hong Kong – this core objective to make healthcare more accessible to the wider public should not be lost amidst recent discussions and debates. As we have seen in Singapore, such schemes can lead to greater transparency and go some way towards ensuring that more people have access to adequate health cover.

While challenges undoubtedly lie ahead, we believe they can be overcome if we continue to collaborate and involve all stakeholders across industries. Expertise from the insurance industry and policy makers, as well as medical and healthcare service providers should come together as we work towards the common goal of expanding healthcare availability and affordability for more consumers in Hong Kong. 🏡

RBC Readiness:

An Actuarial Approach to Driving Business Change



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The only constant is change

There is a Chinese proverb that refers to living in interesting times. The English also have a saying that when it rains it pours. Both are certainly true for Hong Kong insurers at the moment. They have much to do. Insurers must get ready for a new world with changes to their regulatory and financial reporting regimes.

The chief executive of an insurance company in 2022 will face a very different world. Solvency calculations are changing to a three-pillar structure. Capital calculations are moving to a risk-based capital approach (probably from 2022) – this is the new Pillar 1. All insurers will have to implement risk management frameworks (a consultation on this is underway, and sets out a date of 2020) – this is the new Pillar 2. As with most solvency regimes, Hong Kong insurers are likely to have to produce new reports for these new results (the timing is still unclear) – this is Pillar 3.

In addition, financial reporting is also changing from 2021, when the new International Financial Reporting Standard for Insurance Contracts, IFRS 17, comes into force.

To make matters even more challenging, the effective dates for these new requirements are not all the same, which means an insurer's implementation plan will have to take into account combinations of the current and the new. For example, they will probably face at least one period of reporting under IFRS 17 and the current solvency regime.

These combinations also mean it will take some time before a new "baseline" is established for the management of their businesses.

The large volume of work required also increases pressure on resources and budgets. According to The Actuary magazine published in December 2015, the Association of British Insurers estimated Solvency II (SII) implementation had cost the UK insurance industry GBP 3 billion. It is true that the Hong Kong risk based capital (HKRBC) proposals will not seek to import SII into Asia. They will instead look to bring a local perspective to the standard economic capital assessments set out in the Insurance Core Principles published by the International Association of Insurance Supervisors. The costs should therefore not be the same.

However, we also note that these insurers were only trying to implement the regulatory part of the changes and not the financial reporting elements, as Hong Kong insurers' will have to do. Successful insurers will need to build on the lessons learnt during SII implementation and identify cost-effective ways to achieve compliance with all the changes coming.

In this note we look at a way in which HKRBC implementation can be aligned with the implementation of the Enterprise Risk Management (ERM) framework, which is also set to be a new requirement. If actuaries will be largely responsible for implementing HKRBC, and risk managers for ERM, then this paper is also about how actuarial teams can work with risk teams and help implement the frameworks required.

We believe a similar approach could be used to build on the synergies that also exist with IFRS 17, but will not explore this further here.

A unifying vision

The first step in any project is to describe the outcome. Start with a picture of the end in mind, then plot a path to get there.

It is tempting to treat each challenge on its own and run separate projects for each. In this approach the similarities between projects are acknowledged but not explored further. Although this approach can achieve compliance, not taking full advantage of the synergies that exist, will also produce a series of visions that when combined are smaller in scope. This approach will not produce a single unifying concept that links all the initiatives together.

This lack of integration could lead to difficulties later on. Decisions taken now may make future plans to bring these separate streams together costly and onerous.

It is often said that risk management should be central to insurance business. As insurers are organisations that are set up to take risks and profit from them, centralising risk appears to tie everything together. However it is risk-based capital that gives us the tools to link risk management to business operations. If we follow this thinking through, we can conclude it is instead risk-based capital measures that are central to the business.

If we accept this unifying approach, then risk-based capital implementation should also drive other initiatives. In this way, holistic decisions can be made about how elaborate or simple developments should be. It will not reduce the overall requirements and work required, but identify areas of synergy and build on similarities. This is likely to also lead to more pragmatic and cost effective outcomes.

Implementation: Evolution or revolution

Once a vision has been developed the next step is to plot the path that will be taken to get there.

The common approach is to apply change as a big bang. Insurers use the current solvency calculation while it is in force, participate in the quantitative impact studies (QIS), and then switch straight over to HKRBC when it becomes effective. This is akin to a solvency calculation revolution.

This approach usually requires a dedicated and separate project team to be established. It is probably easier to manage this way as implementation and production resources are separate. Insurers are also not called on to run two processes in parallel.

There is an alternative. An evolutionary approach can be adopted.

Under an evolutionary approach, risk-based capital calculations are produced at regular intervals, with quarterly the most common, although a different frequency can also be chosen. These calculations are improved incrementally each quarter, building on previous calculations and increasing understanding of how to interpret risk-based capital results.

Insurers also have the option of combining this with business as usual or setting up a dedicated project team.

This approach does have the drawback that a much more detailed plan is required at the outset. The quarterly improvements should be set out in advance in the plan to ensure specific standards for the output can be met at specific times. For example, if we want to ensure calculation tools are complete by the end of 2020, we will need a plan that identifies which components will be ready every quarter between now and the end of 2020.

There is also a benefit in terms of familiarisation within the organisation and the ability to demonstrate use and embeddedness in business operations. The two sets of results will be produced in parallel. This means management will be able to evaluate their decisions using both old and new measures. Training requirements will also be reduced.

Another advantage to this approach is it sets out clearly the actuarial development path for risk-based capital calculations. This means the project becomes multi-disciplinary and does not only involve the actuarial team. For example, risk management teams could use interim outputs to judge when they should start using risk-based capital measures in management information reports, as well as how these reports should be further developed and improved over time. The investment team, meanwhile, could start using risk-based capital measures to inform those responsible for asset liability management decisions. Other business decisions such as product pricing and reinsurance buying could also benefit in this way. Further, the evolutionary approach also provides the foundations for meeting the risk management challenges described in the next section.

At the same time, another potential drawback is that both the old and new processes will have to be run in parallel during the implementation period. This will increase pressure on time and resources.

Although it is true that the visibility of planning among the rest of an organisation is higher in an evolutionary approach, this can reduce flexibility more than it increases the work required. Ultimately, whichever implementation path is chosen, the same calculation standards must be met.

The diagram below illustrates the two approaches discussed above:



It is also possible to use a combination of the two approaches. For example, small changes / improvements to calculations could be made during the year with larger changes – such as new models – being implemented at year-end or to coincide with specific reporting dates and submissions.

Risk management challenges

(And how HKRBC Pillar 1 will be used in business decisions)

In early May 2018, the Hong Kong Insurance Authority (HKIA) published a consultation paper for Hong Kong insurers on implementing an ERM framework by the end of 2020. The draft ERM consultation paper identified specific business areas where risk management has to be embedded in operations. These are:

- underwriting (and the types and amounts of risks insured);
- asset liability management (ensuring assets and asset inflows are considered in relation to liability obligations when investment decisions are made);
- investment (and ensuring the trade-off between expected returns and the risks taken to achieve these are acceptable);
- reinsurance and risk transfer (and how risk exposures are mitigated); and
- liquidity (including whether the insurer has sufficient cash assets to meet its immediate obligations).

Insurers and their risk management teams will need to set out plans to show how they intend to achieve this.

The HKRBC calculations are a good starting point. There will be other parts of the framework that do not relate to valuation assumptions and approaches – such as developing risk policies in the above-listed areas – but the risk measures these use and the HKRBC quantifications will be similar. This is an area of synergy between the Pillar 1 and Pillar 2 implementations.

Some further analysis of the HKRBC results will likely be required to adjust them so they are fit for risk management purposes. For example, HKRBC will allow for the impact of reinsurance in aggregate, but under the ERM framework this might need to be considered in terms of the impact on individual arrangements. The component results – and not just the totals – would therefore need to be outputted. As another example, insurers can link their HKRBC calculations to their stress and scenario testing programmes. As part of this, insurers can also factor in additional shocks to those prescribed by HKRBC.

This is also an area requiring pragmatism. It is not necessary that the risk management models used are perfect at the outset. This point is also made in the consultation paper. The models can be improved over time to become more accurate. This provides an opportunity to align the development paths of capital and risk models. The improvement loop this demonstrates through clear articulation of future enhancements is another feature of good ERM models.

Actuarial challenges

(And how the calculation of HKRBC capital can be improved)

A set of rules was rolled out last year in QIS 1. As a result, the industry is now busy discussing several technical challenges in capital calculations with the HKIA. These include:

- how volatility adjustments to discount rates should be determined and their treatment under credit stress scenarios;
- calculation of options and guarantees;
- stresses for credit risk and interest rate risk;
- allowances for diversification across different risks; and
- the margin over current estimate methodology.

It is important for insurers to be involved in lobbying efforts through various industry bodies looking at these matters and participation in QIS 2. However, these are specific to the HKRBC calculation, and do not affect the "shape" of the new regulatory regime.

Other business challenges

There are several other things insurers will have to put in place and carry out for a successful implementation. These challenges include:


- reviewing workflows and reporting timetables so all the components are prepared on time and can be used for other purposes where needed;
- planning internal training to ensure new metrics lead to the appropriate decisions being made by management;
- aligning with other business initiatives such as IFRS 17; and
- supporting other ERM implementation needs such as developing metrics and risk monitoring processes

However, these challenges could be addressed after a full HKRBC vision has been developed.

A brand new world

Ultimately, we expect HKRBC will provide a unique Hong Kong perspective on risk-based capital. It will balance the needs of the insurance industry with those of insurance policyholders, while ensuring that the framework is attractive to foreign investors.

HKRBC is still evolving and as such the "final" position is unclear. However, the intention to comply with international standards means the direction of travel can be deduced. This is enough for insurers to proactively start building their implementation programmes.

By developing their vision and deciding how they want to position HKRBC in their business, they can exploit any efficiencies that exist between different requirements, reduce their cost and achieve full compliance. In addition, they will of course be positioning their businesses to succeed from the start in the new HKRBC world. 





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Market Update

Revised MPF Guidelines

The Mandatory Provident Fund Schemes Authority (MPFA) has recently approved 4 sets of revised Guidelines in relation to certain investment-related matters:

1. Guidelines on Central Securities Depositories (Guidelines I.7);
2. Guidelines on Approved Exchanges (Guidelines III.4);
3. Guidelines on Index-Tracking Collective Investment Schemes (Guidelines III.10); and
4. Guidelines on Default Investment Strategy (Guidelines III.14).

The four sets of Guidelines have been amended to the effect of: (i) reflecting the approval of a central securities depository by the MPFA for the purposes of the Mandatory Provident Fund Schemes (General) Regulation (the Regulation) (Guidelines I.7); (ii) reclassifying all investments in a real estate investment trust authorised by the Securities and Futures Commission as “higher risk assets” for default investment strategy (DIS) investment purposes (Guidelines III.14); and (iii) reflecting the approval of a futures exchange by the MPFA for the purposes of the Regulation (Guidelines III.4). The names of an approved stock exchange and an approved futures exchange in Guidelines III.4 and III.10 have also been updated.

Copies of the revised Guidelines can be downloaded from the MPFA’s website at www.mpfa.org.hk. 



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ASHK SOFT SKILLS WORKSHOP

Post Event Report



▲ Ms. Gina Marescia (Standing), MD of Catalyst Consulting Hong Kong made use of videos and role play to demonstrate coaching and mentoring practical skills.

About the Soft Skills Workshop

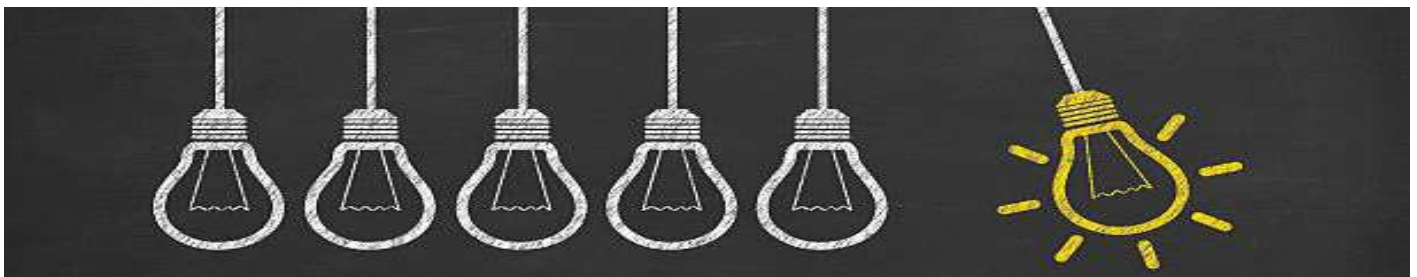
Coaching and mentorship are the crucial, career-boosting skills that help individuals become more effective leaders to lead their team to success. This year ASHK invited Ms. Gina Marescia, MD of Catalyst Consulting Hong Kong, to conduct a bespoke 2 x 2-hour "Coaching & Mentoring" Workshop for ASHK members.

The workshop provided participants with practical advice from our expert on how to develop on-the-job mentoring and coaching skills including models that are easy to remember and apply. It also covered the differences between "Coaching" and "Mentoring" and various benefits, skills and roles that come with both.

Coaching & Mentoring

- Core Building Blocks for People Management

13 & 21 June 2018



Participants' Feedback



4.7 / 5

What do the participants say?

'The workshops corrected my understanding of "mentoring" vs. "coaching" and Gina shared some techniques of being a good mentor.'

— Elaine Bian of Prudential Corporation Asia

'The thing that I liked the most about these workshops were the proactive side of Gina, she really gave value to participants using every minutes at the event.'

— Nora Li of Scor Re

'My key takeaways from this ASHK event were the key difference between mentoring and coaching and the ways of coaching.'

— Jacky Man of Sun Life

Events Highlights

ASHK Career Talk, 19 April 2018



Actuarial Panelists (from left to right): Mr. Stanley Wang (ASHK Professional Development Committee Member), Ms. Angela Choi (ASHK Curriculum Taskforce Member), Mr. Erik Lie (ASHK Membership & Communications Committee Member), Mr. Terrence Chiu of Willis Towers Watson and Mr. Michan Chan of Insurance Authority

ASHK Professionalism Course, 27 April 2018



Mr. Peter Duran,
ASHK Professional Matters
Committee Chairperson



Standing: Mr. Billy Wong,
ASHK Council Member



Standing: Mr. John Williamson,
ASHK Professional Matters
Committee Member



Standing: Mr. Des Thomas,
ASHK Professional Matters Committee Member



Mr. Roddy Anderson, ASHK Professional Matters
Committee Vice-Chairperson

Events Highlights

ASHK Evening Talk, 8 May 2018

"ESGs for Liability Valuation, Capital and Beyond...Smart Decision in an Uncertain Environment"



Mr. Stephen Carlin, Moody's Analytics
(Speaker)

Mr. Phil Joubert, ASHK Life Committee
Member and Mr. Stephen Carlin

ASHK Soft Skills Workshop, 13 & 21 June 2018



From left to right: Ms. Gina Marescia, Catalyst Consulting Hong Kong
(Facilitator) and Ms. Nora Li, ASHK Council Member

Events Highlights

ASHK Healthcare Seminar, 19 June 2018 "VHIS: Ready for Take-off"



Mr. Sam Yeung,
ASHK Health Committee Chairperson



Mr. Ngai Fong,
Deputy Secretary for Food and Health
(Health), Food & Health Bureau



From left to right:
Mr. Danny Choi, Food & Health Bureau,
Mr. Ngai Fong, Food & Health Bureau,
Mr. Simon Lam, ASHK President,
Mr. Sam Yeung, ASHK Health Committee
Chairperson



From left to right:
Dr. Hong Fung, JP, CUHK Medical Centre,
Dr. Ares Leung, Union Hospital,
Dr. Nelson Wong, Dr. Vio & Partners



From left to right:
Dr. Jacky Lio, Coherent Capital Advisors ,
Ms. Lillian Lam, GAMAHK,
Mr. Ben Ng, Coherent Capital Advisors ,
Mr. Man Kit Ip, AIA



Ms. Flora Shao, Gen Re



Mr. Stephen Kwan,
Swiss Re



Mr. Tuan Miang Chua,
Gen Re



Mr. Johnny Tse,
Roche Diagnostics (HK) Ltd



From left to right:
Mr. Tim Leung, Tencent,
Mr. William Yeung, ZhongAn International,
Mr. Bob Charles, Coherent Capital Advisors,
Ms. Maria Gil, AXA
Mr. Bay McLaughlin, Brinc.io

Events Highlights

ASHK Evening Talk, 11 July 2018

"Implementing HKFRS / IFRS 9: Financial Instruments - Perspectives for Insurers"



Mr. Lal Manglani, Deloitte
(Speaker)



Mr. Andy Yang, ASHK Curriculum Taskforce
Member and Mr. Lal Manglani

ASHK Evening Talk, 17 July 2018

"HK RBC QIS 1 Benchmarking and QIS 2 Expectation"



Mr. Tze Ping Chng,
EY



Ms. Florence Ng,
EY
(Speaker)



Mr. William Chan,
EY
(Speaker)



Mr. Han Chua,
EY
(Speaker)



Mr. Ji Yao,
EY
(Speaker)



From left to right:
Mr. William Chan,
Mr. Ji Yao,
Mr. Simon Lam, ASHK President,
Ms. Florence Ng,
Mr. Han Chua

Upcoming Events



Mark Your Calendar

Date	Event
27 - 31 Aug 2018	SOA Predictive Analytic Seminar <ul style="list-style-type: none"> • 27 Aug, Kuala Lumpur • 29 Aug, Hong Kong • 31 Aug, Taipei
12 Sep 2018	ASHK Professionalism Course
16 Sep 2018	IAA Regional Meeting, Hong Kong
16 - 19 Sep 2018	2018 Asian Actuarial Conference, (AAC) Hong Kong Theme: Redefining the New Insurance World
17 Sep 2018	2018 AAC Welcome Dinner cum ASHK 50 th Anniversary Dinner, Hong Kong
26 - 27 Sep 2018	CAS Joint Property / Casualty and Health Actuarial Seminar 2018, Taipei
19 Oct 2018	ASHK General Insurance Seminar Theme: Bridging the Future: Innovation, Technology and Regulations to Drive Transformation
5 Nov 2018	ASHK Appointed Actuaries Symposium
12 - 13 Nov 2018	ASHK IFRS Seminar
28 Nov 2018	ASHK Pension Seminar
12 Dec 2018	ASHK Extraordinary and Annual General Meetings

>> Get Involved!!

Membership Update

New Members

Fellow

Jun Cai	China Taiping Life Insurance (HK) Co Ltd	Fellow [FSA (2009)]
Kenneth Yin Wai Chu	Deloitte	Fellow [FSA (2013)]
Terry Yiu Long Chu	Prudential Hong Kong Ltd	Fellow [FSA (2016)]
Peter Po Yen Huang	Berkshire Hathaway Specialty Insurance	Fellow [FCAS (2013)]
Abhishek Kumar	KPMG Advisory (HK) Ltd	Fellow [FIA (2010)]
Kevin Wai Yip Kwan	FTLife Insurance	Fellow [FSA (2008)]
Yanny Hing Man Leung	RGA Reinsurance Company	Fellow [FSA (2012)]
Julian Chun Yuen Man	AIA	Fellow [FSA (2018)]
Xie Wan	Deloitte	Fellow [FIA (2017)]
Robert Zhexuan Wang	Prudential Hong Kong Ltd	Fellow [FSA (2015)]
Sean Xinyu Wang	China Taiping Life Insurance (HK) Co Ltd	Fellow [FSA (2013)]
Kam Pui Wat	The University of Hong Kong	Fellow [FSA (2018)]

Associate

Ngoc Hung Phan	Partner Re	Associate [Actuaire qualifie IA, France (2015)]
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Membership Advancement

Fellow

Carol Zhiyu Cao	FWD	Fellow [FSA (2018)]
Stephanie Chow	AIA	Fellow [FIAA (2017)]
Victor Chun Hei Ng	Peak Re	Fellow [FCAS (2018)]
Alva Hang Chun Yu	Peak Re	Fellow [FCAS (2018)]
Ranran Zou	Prudential Hong Kong Limited	Fellow [FSA (2017)]

Associate

Frank Ziqi Zhang	Willis Towers Watson	Associate [ASA (2017)]
Brain Kai Yiu Wong	Mercer (Hong Kong) Limited	Associate [ASA (2018)]

Membership Update

Reinstated Members

Fellow

Ka Hei Choi	Deloitte	Fellow [FSA (2010)]
Aguedo Ingco	AMI Risk Consultants Inc	Fellow [FCAS (1981)]
Leo Siu To Lau	Aviva	Fellow [FSA (2007)]
Peter Pui Yin Lau	RNA Analytics Ltd	Fellow [FSA (1998)]
Wendy Wan Man Li	Transamerica Life (Bermuda)	Fellow [FSA (2010)]
Joseph Kwong Lam Yip	Mercer (Hong Kong) Ltd	Fellow [FSA (1992)]

Associate

Wai Man Chan	Mercer (Hong Kong) Limited	Associate [ASA (2012)]
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Actuaries on the move



Chi Chung Cheng
 Angela Choi
 Sze Cheuk Chung
 Shirley Fung
 Arthu Li
 Florence H Y Li
 Zola Ng
 Marc Pierrot
 Herlous Tong
 Daniel Wan
 Xiao Dong Yu
 Charmaine Yung
 Shelley Zhou

Corporate Advertisement

The ASHK will accept corporate advertisements in the ASHK Newsletter provided that the advertisements do not detract from the actuarial profession. Acceptance and 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 Rate

	One Off	Whole Year
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Tel: (852) 2147 9420 or e-mail: info@actuaries.org.hk



ACTUARIAL SOCIETY
HONG KONG
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We welcome members' contribution to the "Hong Kong Actuaries" Newsletter, especially, the Feature Articles and Knowledge Sharing sections. If you have written any inspiring articles or have read any interesting articles from other actuarial organisation(s), please feel free to let us know. We will try to reprint the article(s) in our newsletter to share with our members.

For the above issues, please e-mail your articles or views to Rachel Chu by email at rachelchu@bluecross.com.hk or ASHK Office by email at info@actuaries.org.hk. Publication of contributions will be at editor's discretion.