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Working Overseas

EDITORIAL

Dear Readers,

Welcome to the third newsletter for 2011!

In this issue, several members provide articles to describe their actuarial working experiences outside of Hong Kong. Actuaries always consider themselves as global professionals and Hong Kong always considers itself as an international city. This means we have a lot of actuaries from other countries and Hong Kong trained actuaries also have a lot of opportunities to work outside of Hong Kong.

You can read about a fabulous 3-year journey to Malaysia, the cultural challenge working in Mainland China, the living and working environment in Thailand, and experiences of some other members in Australia, China, Japan, Singapore, Switzerland, Taiwan and the United Kingdom. The authors have vividly described varieties of experiences from different countries. At the same time, they have also brought out the common understanding that work-life balance and communication are very important in order to benefit from an overseas assignment. I think these success factors are also applicable even if we are staying in Hong Kong.

Happy Reading...

Dr. Louis Ng
EDITOR

Journey to Malaysia and back again!

Well my fantastic journey started in 2008 when I landed in Kuala Lumpur, Malaysia on 30th March 2008. Before this journey, I kept asking myself why I would like to go to Malaysia? That could be a long journey towards the solution of this question and there is no simple equation towards this as well. After a 3-year journey, I have figured out the right answers which convinced me that I have made the right decision for this journey.

Indeed, it was a fabulous journey. I am not talking about a business trip which lasts for one week but an overseas assignment which lasted for three years. During this 3-year journey, I did better understand myself under different culture, working environment and with people of different races. This overseas experience really widened my horizons to see things from different perspectives. Like the other developing countries, Malaysia is full of potential for the development of both insurance and takaful (i.e. equivalent to "insurance" under the Islamic space) business. Thus, there are lots of opportunities over there for both business and personal development.

With this opportunity in Malaysia, I learned how to work closely with people of different races. I learned how to respect other's religion. I learned how to raise the bar for the service standard without having to spare the expense of the relationship among all of the colleagues which are the critical successful factors towards the company's development. Every lesson had its joys and tears which impressed and influenced me in the coming future.

Although I really treasured this experience, it did come up with lots of challenges in this oversea assignment like the other expatriates.

The first challenge is always from your family. There is always the saying that THE SPOUSE MAKES OR BREAKS THE ASSIGNMENT. The decision to move abroad must be made jointly between you and your spouse. When I finished my first year's assignment in year 2009, my secondment contract had been extended for two more years to further develop the team over there. This was a tough decision for me to choose between staying alone or returning back home to stay with my family after a year's separation. It is not uncommon for some expatriates to return back to their hometown due to family reasons or to have to face tough family relationships due to the prolonged separation. Fortunately, I was fully supported by my family and my fiancée so I could continue this wonderful journey.



The second challenge is attributed to the lack of social network abroad and the loss of a network in your hometown. Once you have been stationed overseas, you need to establish a network over there. It is not easy to kick off the process from scratch. Support from local network is a crucial step towards a new network abroad. Luckily, I was fully supported by my nice colleagues who offered me lots of support in those years. Besides, participation in the professional network and local social network were also one of the solutions towards resolving this issue. In Malaysia, I had participated in both the Actuarial Society of Malaysia and some university actuarial programs which not only made me more familiar with the industry people while making many more local friends over there which made my journey more colorful in those years. Now, I still keep closely in touch with my friends and we do really treasure our friendship.

For those who would like to work overseas, below are some tips which might be useful for your consideration before you make your final decision.

Firstly, it should be a good idea to fully communicate your plan with your family. Their consensus towards your plan is a vital support for your journey. Some expatriates may spend their entire time on the internet in contact with friends and family back home. While maintaining contact with home is good, too much can prevent you from meeting your neighbors and experiencing your new life. Try and meet new friends; join an ex-pat club. With full support from your family, you could try to have a better local network through the above approaches.



Secondly, it should be an extremely good opportunity for you to better understand the local market. Understanding a local market is not easy without staying over there. Once you have this opportunity, you should try your best to explore the local market including frequent exchange with local industrial practitioners, paying attention to the industrial, economic, regulatory or even political news in your region. It should be particularly helpful for you to better understand your market through the above experience. With better understanding of your market, you will find your assignment much more interesting and it could benefit your future role if you might take up the regional position in the coming future as well.

Lastly but most importantly is always to enjoy your assignment. There are always ways to survive the cycle of excitement, depression and plateau. The first is to recognize it and enjoy every step positively.

With the above tips, I wish everyone can enjoy your overseas experience should such an opportunity arise.

Finally, I would like to express my sincere appreciation towards my family, ex-company's colleagues in both regional and local office and my friends in Malaysia who offered me lots of support during my journey. With deep appreciation!

Simon Lam, FSA, CFA, FRM
Munich Reinsurance Company - Hong Kong Branch

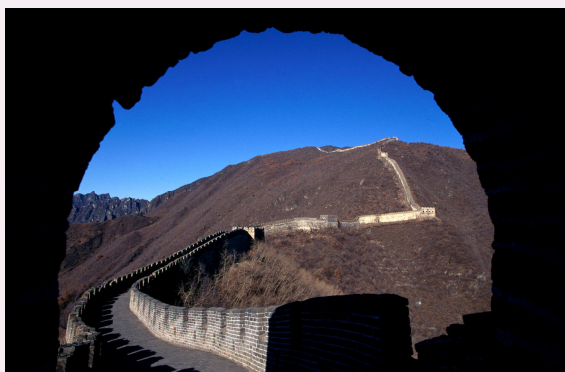
Working in Mainland China

An opportunity to work in one of the most dynamic and rapidly evolving insurance markets in the world was always going to be an attractive proposition from a professional and personal development point of view. So, when I was asked to lead and develop Towers Watson's insurance consulting business in Mainland China, it was an easy decision to make.

Since relocating to Beijing in December 2008 from Hong Kong, I have witnessed tremendous growth and development in both the insurance industry and the team that I lead on the Mainland. Recent market growth has been impressive in terms of the number of new insurance companies, premium volumes and assets under management. More impressive still has been the growth in technical capabilities, management expertise and the recognition that whilst a desire to achieve rapid growth is important, sustainable and profitable growth should be the ultimate aim. Whilst the overall picture is positive, it is clear that there are many challenges being faced by the actuarial profession as well as the insurance industry as a whole.

The added advantages of being a consultant to the insurance industry are that there are literally daily opportunities to meet with people from all sorts of backgrounds and from a broad spectrum of companies ranging from some of the largest in the world to those that are just in the initial stages of setting up operations!

This article will hopefully give you a feel of what it is like working in Mainland China, together with some of the latest developments in the Chinese insurance market.



Cultural challenge

People often incorrectly assume that the working cultures in Hong Kong and Mainland China are very similar. Whilst everyone is very hard working, there are some significant differences between the working cultures in the two locations, and this does take time to adjust to.

Etiquette and protocols for meetings and dealings with clients are perhaps far more important than in Hong Kong, and a good understanding of this is critical to success in China. As consultants, developing true long term, stable working relationships seems even more important as stability is a key ingredient for long term trust. Another example of the significant difference is the decision making process – some decision making processes can sometimes be extremely fast, and other times frustratingly slow as consensus is required. Major decisions are sometimes made with very little lead time (days) but at other times it can take months (or even years).

Once you understand how people think, how decisions are made and what drives people's interests, you will find that most people are surprisingly quite open and very much like to share their knowledge and learn from others, particularly from those with international experience.

On a more personal level, it was an interesting process to learn about how local people live, and to get used to a new way of life. Oftentimes things that could be done easily in Hong Kong were major effort in Beijing (e.g. paying certain utility bills!) And while general levels of service (such as in restaurants, shops and banks) have improved over the last few years, particularly since the 2008 Olympics, there is plenty of scope to improve in order to be truly customer focused.

Beijing itself, with its many historical sites (well known and also many less well-known), as well as many new landmarks, offers plenty of opportunities to explore and to better understand and appreciate the long history of China. Beyond Beijing, Mainland China is a vast country that has plenty to offer all sorts of travellers.

The actuary in Mainland China

The actuarial profession is a key pillar of the insurance industry in any insurance market, and the Chinese insurance market is no different. A decade or so ago, the actuarial profession was virtually non-existent, and those who practised at the time in China were regarded generally as technicians. They were responsible for calculating premium rates and producing reserve and solvency reports at the end of each year, based on pre-defined formulas.

Ten years later, the actuarial profession, as well as all other professional disciplines in the insurance industry, could still be regarded as fairly young and there are still relatively few actuaries with significant senior experience. However, the roles of actuaries are no longer simple technicians and their impact is more wide ranging, becoming a more critical function in managing the strategic direction of insurance companies as a whole. For example, for life insurance, principle-based actuarial reserving was introduced in 2009 (along the lines of IFRS Phase II) that calls for significant actuarial discipline and judgement; product pricing actuaries have to balance the need to meet profitability requirements whilst remaining competitive, particularly given the large number of new competitors that simply did not exist 10 years ago! For non-life insurance, the de-tarrification of motor insurance pricing presents great opportunities for actuaries to utilise predictive modelling techniques to determine premium rate scales.

In fact, the China Association of Actuaries (CAA) itself was not formally established until 2007, and only became a full member of the International Actuarial Association in 2010. There are currently only 433 fellow members and 331 associate members in the CAA in a country with a population of 1.3 billion, although many actuaries and aspiring actuaries currently working in China are not members of the CAA.

Many Chinese actuaries who were working overseas also saw fantastic career opportunities to come to, or return to China, bringing with them advanced actuarial techniques and management expertise, thus helping the development of the industry. For example, the chief actuaries of the top insurance companies all have international experience. At the same time, Chinese universities are producing vast numbers of actuarial graduates, equipping them with modern financial techniques and understanding, which will go a significant way to satisfy future demand.

The influence of actuaries has certainly increased in the insurance industry, but still has a long way to go compared to more mature insurance markets. In the next few years, it is expected that actuaries will be involved in even more advanced areas, in line with

international development, in areas such as enterprise risk management, sophisticated risk based solvency regime, international financial reporting standards, economic capital determination, etc. Outside the insurance industry, many actuarial graduates have chosen to enter into related financial services field like investments, banking and securities.

Market landscape

The life and non-life insurance industry is dominated by a small number of giant domestic companies. Many smaller domestic, foreign and joint venture companies make up the rest of the market with relatively small aggregate market share. Compared to 2000 when there were only a handful of life and non-life insurance companies, there are now some 60 life insurance companies and 60 non-life insurance companies, and expectations are that there will be more new companies starting in the next few years both for life and non-life, including a range of “provincial” companies that will only be permitted to operate initially in their home province, as well as a number of foreign insurance companies that are interested in entering the Chinese market. With the rapid growth of the insurance industry, the demand for actuaries will undoubtedly increase in the medium to longer term. At the very least, each of the life and non-life companies are required to have chief actuaries or appointed actuaries!

In addition to filling the roles of chief actuaries or appointed actuaries, there is tremendous demand for other roles – whether these are technical (e.g. advanced modellers for both life and non-life), innovative product development, sales / marketing related, business model development and strategy, etc. Some senior actuaries also assume roles of CEOs, CFOs, and CROs of insurance companies. The expected development of the pensions and health insurance markets over the coming years will further create alternative actuarial career opportunities.

Regulations

The China Insurance Regulatory Commission (“CIRC”) takes a very active approach to regulating the insurance industry, issuing a vast array of regulations on a fairly frequent basis, with the overall objective of guiding the industry towards strong and sustainable growth. Given the relative immaturity of the insurance industry, the CIRC works closely with industry practitioners and considers international developments when developing regulations that are relevant and appropriate to the local market environment and recognising its stage of development. “Trial” regulations, i.e. a form of field testing are sometimes used to test the effectiveness of proposed regulations before full implementation (e.g. variable annuity trial regulations issued in May 2011).



Many of the regulations issued by the CIRC are necessarily prescriptive and often very detailed, including detailed regulations on financial reporting, solvency requirements, investment restrictions, comprehensive risk management, regulations governing actuarial pricing and management of specific types of products (participating products, unit linked and universal life products, variable annuity products), market conduct, certification of sales force, etc.

The CIRC also takes a very active role in enforcing these regulations through active inspections to ensure compliance, but more importantly to protect both the insurance companies and their policyholders.

On the actuarial side, within the CIRC, there are life and non-life actuarial divisions that are responsible for developing actuarial related regulations as well as supervising the actuarial conduct of companies (particularly in relation to product development and pricing, financial reporting and solvency reporting).

Challenges

Of course working in China is challenging. From a professional perspective, communication is perhaps a key factor for actuaries working in China. The usual challenge for us of communicating complex ideas to various key stakeholders, is often made more difficult because some of the senior management, board members and shareholders of insurance companies are not yet familiar with the insurance industry. Concepts such as realistic best estimate reserves for life insurance companies or the longer time horizon to achieve profit breakeven for start-up companies are concepts difficult to convey to even many experienced insurance executives and shareholders / investors, let alone those coming to the industry from other walks of life.

Having fluent Mandarin skills is a must. As one would expect, all communications in the Mainland are in Chinese. English (and other languages) are typically only useful in joint venture companies, primarily to communicate with the Head Offices of foreign joint-venture partners.

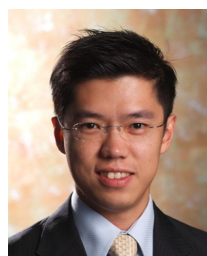
With increasing complexity and the plethora of new concepts (e.g. international financial reporting standards, variable annuity regulations, economic capital, asset liability management), actuaries will have plenty to learn over the next few years, most particularly in the area of how to apply these concepts to the day-to-day running of their companies.

Advice

Opportunities to work abroad are always exciting and challenging. Initially, one may also have significant trepidation about working abroad. A new working and living environment can be stressful for you and your family, and different working environments can be challenging and sometimes frustrating.

Before taking on an overseas opportunity, I would suggest that you establish clear goals of what you wish to achieve, and whether you see such an opportunity as temporary or much longer term, and then consider the benefits for yourself and your family.

It will be challenging, it will take time to adapt and learn, but my advice is: Just Do It.



Adrian Liu, FIAA
Towers Watson (China)

Living and working in Thailand

It's already my third year in Thailand. When I first came here from Japan, everything was totally different. At least I didn't expect myself to take a taxi to the office every day in Tokyo. Although my company provided me with a car, I was not confident enough to drive it on the road with all the motor bikes around me at that time. Living in a country with the culture and environment different from your home town (my home town is Hong Kong, not Tokyo) can be quite a challenge, it can also be fun if you are able to adapt. For all those who plan to leave Hong Kong and work in Thailand, you must be prepared that a lot of things are different from Hong Kong such as:

Traffic – Don't expect that with BTS and MRT in Bangkok can bring you to everywhere you want without traffic jam. In fact, most of the residential areas are not close to BTS or MRT station. I used to live in a building in Sukhumvit Soi 24 (the street where the famous Emporium Department store is located). However, I still need to take a tuk tuk or taxi to BTS station if I am not driving; the road conditions and hot weather deter you from walking even for only a few hundred meters.

Language – Don't expect everyone on the street can speak in English; you need to learn your survival level of Thai language for daily living.

Religion – Most Thais are Buddhists. It is common to see groups of Thai monks in a worship ceremony. It is OK to sit with the group quietly or join them in prayers. However, don't disturb them by talking shop with your colleagues when they are praying.

Education – For those of us with children at home face the difficulty of choosing the right school in Thailand. There are so many international schools and you are not sure which one is good and suitable for your children. Luckily here, if you tell the school you want to go on a site visit, they will arrange a tour for you and explain to you all the details. In most cases, they will offer you one or two-day free trial for your kid. No school will ask you to fill in the application form with registration fee and then wait at home.

Culture Vs working in Hong Kong

We all know that the rhythm of Hong Kong is one of the fastest in the world. Although most of the employers and companies don't encourage

employees to work long hours, young graduates tend to continuously work long hours. One of the reasons is they would like to get themselves ready for next stage as soon as possible. A lot of young graduates consider their lives should only revolve around working and studying for the first few years after graduation. This certainly is not too different from Tokyo and other big cities around the world.

On the other hand, Thai people enjoy a more work and life balance. Of course we cannot avoid overtime especially during month end and year end. In most cases, we will try to avoid having staff work after 7:00pm so that they can enjoy their personal life and have enough time to do their actuarial study.

Maybe due to the strong emphasis on work and life balance, the exam progress in Thailand is not as fast as in Hong Kong and China. So far there are less than 10 local qualified FSAs in Thailand. They may be able to understand the study material. However, due to the differences in the Education system, they do not place emphasis on the speed of calculation. A lot of my team members fail the exam because they are not able to finish the exam on time.

Due to the slow progress in actuarial exam, it is not easy to hire experienced staff with a lot of exams on hand. In most cases, you will find staff with a lot of experience and knowledge, but few exams on hand. In Thailand, we place more emphasis on experience and knowledge rather than the number of actuarial exams when hiring actuarial staff.

I am not a native speaker of English and neither are my actuarial teams. However,



we have to communicate in English all the time. Therefore, it is very important to define tasks and projects carefully to avoid misunderstanding. My suggestion is never define a task verbally, the interpretation can be very different for different people.

Regulation and work environment

Thailand is implementing the RBC in 2011. As expected, the development of the regulation framework is slower than other developed countries. Actually the slow pace in regulation framework development is better for Thailand. Thailand doesn't have enough actuarial resources from both regulator and industry side. If we try to develop at the same pace as other developed countries in Asia, a lot of loopholes and mistakes in regulation will be found during the execution stage. In lagging behind other countries for a few years, we can learn from other countries' experiences and avoid making the same mistakes.



Market Landscape and impact on actuaries

There are 24 life insurance companies and 67 non life companies in Thailand at the moment. The competition is very high for such a small market. However, the current penetration rate for life insurance is less than 5% at the moment. Therefore, there is still a lot of room for all the companies to grow. Similar to other countries, the major distribution channels are agency and bancassurance. The major challenges to healthy insurance growth are education of the people and the importance of insurance and human resource development for the insurance industry. The whole industry's growth of experience and quality staff is not as fast as the new business premium growth of the insurance market and regulation. We are



expecting a shortage of actuaries in risk management in the whole industry in the near future. Moreover, according to OIC's insurance development plan for 2010-2014, their target is to have 70% of life insurance companies with actuaries at Fellowship level (I presume that currently less than 70% of life insurance companies have actuaries at Fellowship Level). The demand for qualified actuaries and experienced actuarial staff in Thailand will continue to increase for the next few years.

Allen Lowe FSA
Generali Life Assurance (Thailand)



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A Story in China

During the period from 1990 to 2002, I was heavily involved in setting up my company's branches in China and hence travelled to China very extensively. After 2002, I moved to Shanghai and remained there until the end of 2006. Here is a short story which happened when I worked in Shanghai. "We were planning for an outing to Chongming Island (崇明島) from Shanghai.

The only way to get there was by ferry, with travel time more than an hour. Yet, the frequency of the ferries was quite low. On one autumn day, four Chinese colleagues and I drove a car to the pier, planning to take the ferry at 9 a.m. The traffic on the road was quite congested. By the time we reached the pier, we had to queue up to embark the ferry. Unfortunately, the car before us was stopped from getting on board because the ferry was full. We checked the time of the next ferry, and discovered that it was 10:30 a.m.. As we planned to return from Chongming Island on the same day, this meant that we would have very little time for the outing.

While we were discussing among ourselves on whether we should abandon the trip altogether, we noticed that the car behind us moved forward and boarded the ferry. My Chinese colleagues became very agitated and went up to the management office to understand what had happened. When they returned, they told me that the car behind us was allowed access because there was a bride inside. She had to go to Chongming Island on time to get prepared for her wedding. My Chinese colleagues were quite furious as they thought they were unfairly treated. A while later after they calmed down, they began to talk in Shanghainese which I could not understand. Eventually, one asked me to lend him my Hong Kong Identity Card. As I guessed that they must be trying to do something positive, I concurred. Then four of them brought my Identity Card and went to the management office again. After a while, they returned with the good news that our car could be given the same treatment as the car carrying the bride: we would be granted access to the ferry. A moment later, we were on board the ferry.

I was very curious and asked them what had happened. As none of us was a bride or a bridegroom, why did the management office give us the special treatment? My colleagues told me the story: inside our car, there was an aged and influential entrepreneur from Hong Kong. He was heading for Chongming Island to attend a meeting at 10:30 a.m. with the local government officers to talk about opportunities for economic development there. The entrepreneur did not speak Putonghua fluently. That was the reason why he needed the company of his Chinese friends in the meeting. They showed the officers my Identity Card to prove the presence of that entrepreneur. At first, the officers were still skeptical and were reluctant to yield to my colleagues' petition. Yet, my colleagues threatened them by saying that the meeting at 10:30 a.m. was a very important one. If it was cancelled due to the absence of the Hong Kong entrepreneur, it would have vast impact on the prosperity and development of the Chongming Island. By not granting the group access to the ferry, the officers would be reprimanded by their superiors. So, the officers finally yielded to their petition."

This story brings out some important points.

Firstly, something which Hong Kong people do not think possible may become possible if handled by local Chinese. The way they were brought up was not exactly the same as ours. One can say that local Chinese are more flexible than Hong Kong people. In the above story when I learnt that the ferry was full, I was under the impression that there was absolutely no hope of getting on the ferry. Our decision should be whether to take the next ferry or to cancel the outing. I never had the idea that we could overcome the situation. Yet, our Chinese colleagues could come up with a crazy idea which eventually worked.





Secondly, if you want to get things done, you may need to compromise compliance rules. Obviously, fabricating a story to gain access to the ferry breaches any guidelines on compliance. Yet, under the above situation where we did not hurt anybody, did not bribe anybody, our Chinese friends were completely at ease or even proud for what they had done. You may still consider that compliance rules need to be upheld under all circumstances. On the contrary, local Chinese would criticize that the stringent compliance rules promulgated by international companies could only be enforced in the western world from where the rules originated. In China where the culture and social behavior are vastly different from the western counterpart, strict adherence to these rules could only lead to self-destruction. In particular, when our local rivals do not have compliance rules or very lax ones, we would stand at a vast disadvantage if we carry our compliance rules to the extreme.

Thirdly, a team-work between expatriates and locals is an important factor for success. In many situations, we have seen expatriates looking down on locals. In the way we work with them, we try to play the role of a leader giving orders and our local colleagues are just supposed to take our orders and execute. This attitude towards locals does not work. We should treat our local colleagues with dignity and regard them as our team members.

With their actuarial knowledge gained through tough examinations, working experience, and the public media, they may not be inferior to us on technical matters. On the other hand, they have the advantage of understanding the local culture much more thoroughly than we do. They can put forward solutions in difficult situations beyond our imagination.

A Hong Kong actuary usually gets a much higher pay than a local actuary. What advantage has the former over the latter? Qualification? Experience? International exposure? Ability to communicate in English? Ten years ago, these were valid reasons. With the proliferation of overseas qualified actuaries in China, these would gradually become history. I understand that up to now, there are more than 200 overseas qualified actuaries in China. Some are even working in Hong Kong and Singapore. China is gradually turning from a country importing actuaries to one exporting actuaries. Does China still need actuaries from Hong Kong? I would say the demand is sharply declining. If you happen to be one of the lucky ones getting this opportunity, I strongly urge you to re-read my story at the beginning of this article.

Dominic Lee FSA
Retired

Secondment

"When I accepted the first secondment offer from the company to Beijing, my feeling was mixed with excitement and nervousness. I was excited as I would have the chance to work outside HK. I was also nervous as I needed to separate from my social circle. After several years, I have worked in four countries and five locations (Beijing, Singapore, Gurgaon, Hanoi & HCMC).

Among the countries I have been, Singapore and Hong Kong are the most efficient and have the longest working hours. Beijing is really catching up (both in efficiency and working hours). As the three countries are Chinese dominated, I started to think about working in a non-Chinese dominated environment. I picked India. I was sent to a city called Gurgaon which is a satellite city of the capital city.

People there are exceptionally smart and intelligent. You definitely can be trained to deliver perfect arguments. Debates seem to be everyday necessities. The coffee in India is very sweet. India food is amazingly good. The spices, the herbs, the cheeses, etc keep injecting calories into my belly. Although India is a very safe place, it is highly recommended to have a driver.



There is still a relatively high proportion of people without proper housing. Workers may build camps so as to stay close to the worksite.

After a few months, I was asked to go to Hanoi, Vietnam. (Once you unveil your mobility, the company will ensure that you travel around). I was working in a state-owned company in a consultant role. This is a double cultural shock – state-owned and Vietnam. The pace is slow and revenue target is nice-to-achieve. Business objective is important, but political agenda is even more vital. For the first time in my career, the management is not very concerned about the revenue.

Actuarial profession is highly specialized. It is good as the actuarial practices are very similar for different countries. This translates into high mobility of the skill sets. Communication is a big challenge. Though we communicated in English, there are many different accents in each location. Nevertheless, it is very funny to learn a new way of speaking English. It is not difficult to find that people switch from Malay, Mandarin, English and Cantonese when having Dim Sum in Singapore.

If you are planning to accept an overseas secondment, some preparation may be worth mentioning. First, you need to be prepared to develop a new social circle and virtualize your old circle to facebook. Second, nothing can be taken for granted. For example, Vietnamese will not work during Tet (lunar year) holiday as they may need to go back to the home town. Third, take your time to travel around the new country. There are always some charms around the city for you to explore. "

George Kung FSA
HSBC (Hong Kong)



Same Profession, Different Approach

What is the monthly installment of a mortgage with 20 years term, 1 million initial notional and 5% annual interest rate? A banker will input the numbers into a built-in software to get his result. (In old days, he needed to look up the number in a telephone-book-thick handbook consisted of tables of figures in font size of 4). An actuary will open Excel and work out the whole amortization schedule to find out the answer.

With the tendency of working from the first principle (you may also call it “work ethic”), my radical view is that actuarial work around the world is the same in nature. No matter it is IFRS, Solvency II, US-GAAP, RBC phase x, Japanese GAAP or whatever, we use our analytical mind to break down problems, build up models, perform calculations, interpret results and draw conclusions. The rules defining the game are different around the world but the way to play is the same.

Working with people is a completely different animal however. First principle analysis does not work because human relationship is not linear. There are many hidden practices and rules we called cultures that we can only understand and accept, even better appreciate, in order to work successfully in a country.

Cultural Dimensions

During the 60s and 70s, Prof Geert Hofstede was working for the human resources department of IBM. He played an active role in the introduction and application of employee opinion surveys in over 70 national subsidiaries around the world. He traveled across Europe and the Middle East to interview people and conduct surveys regarding people’s behavior in large organizations and how they collaborated. Over time, Prof Hofstede has developed a large database for analyzing differences in cultures. “Hofstede’s Cultural Dimensions” is one of the most frequently quoted paradigms in cross-cultural studies nowadays.

I started to work in Japan since Feb 2005. At the end of 2007 I moved to Switzerland and am living there up to now. I hope I can share with you my observation and feeling about working abroad in this article. I will first quote two of the Hofstede’s Dimensions and then add one aspect from my own.

The table below shows the Power Distance Index and Uncertainty Avoidance Index of different countries. There are more dimensions in Hofstede’s paradigm.

Country	PDI	UAI
Hong Kong	68	29
Japan	54	92
Switzerland	34	58
China	80	30
Taiwan	58	69
Singapore	74	8
USA	40	46

PDI - Power Distance Index. That is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above.

UAI – Uncertainty Avoidance Index. It deals with a society’s tolerance for uncertainty and ambiguity; it ultimately refers to man’s search for Truth. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures,

and on the philosophical and religious level by a belief in absolute Truth.

Source: http://www.geert-hofstede.com/geert_hofstede_resources.shtml

Power Distance

People may have a feeling that Japan is a highly hierarchical society that the order from the top is absolute. On one hand, seniority plays an important role even in modern Japan. When the president comes into the meeting room, all staff stand up; Everybody keeps quiet before the president talks; Seniors make jokes of juniors but seldom the other way round even in the drink after work.

On the other hand, many people underestimate the decision making power of junior staff in Japanese company. For many Japanese insurance companies that I have dealt with, the so-called work level colleagues work very hard on the topics they assigned. They perform deep analysis and develop a view that is so well supported by facts that it is hard to disapprove by their bosses. Though it is usually the boss presenting the decision finally.

Switzerland has a long tradition of democracy. They have a so-called "Direct democracy" system in which people collectively make decisions for themselves rather than having their political affairs decided by representatives. As a non-Swiss, I do not have any voting right though. I heard that people within a community can vote whether to build a road next door or not. The latest major vote I realized is whether the tradition of having soldiers kept their guns at home should be abolished or not.

With the long tradition of democracy, it is not



difficult to imagine that ideas and opinion are addressed properly within the office. Nevertheless, it does not mean that Swiss people is direct – Swiss people is famous for its indirectness that many people compare Switzerland with Japan. My Japanese friends did say that Swiss is really similar to Japan in this aspect. Swiss people have their subtle ways to get the messages across.

Uncertainty Avoidance

It is a very interesting aspect for Japan. Japanese language is a language good at producing ambiguous statements. Triple negative, hidden subject, use of broken sentences etc., even Japanese find Japanese language difficult.

On the other hand, Japan is one of the countries which values certainty and predictability most. Perhaps it is related to the unpredictable catastrophe they have to face. A funny example – in variety shows on TV, before the punch moment comes, there is usually some dead silence or just some boring scenes. Instead of giving audience an unprepared shock, there is a some countdown saying that the shocking moment is coming after 15, 14, 13... seconds. In the office, the worst thing you can do to your client is disappearing without giving any reason. Perhaps you have good reasons or you are developing your perfect solution, but if you disappear for weeks or even just days, your client will start to doubt your sincerity. What you need to do is dropping a line saying you need some more days (but make sure you deliver afterward) even you have not finished your perfect solution yet. It is like the countdown in TV show.

This personality also drives the insurance product landscape. Variable Annuity (VA), which provides guarantees on underlying investment funds, was selling spectacularly over the past few years, though recently its sale slows down drastically because of deterioration in market conditions. The fund guarantee (a put option) is not cheap if you price it market consistently. In Japan, people are buying VA because it provides a minimum guarantee, and on top of that it provides a potential upside. In other countries, except the cases that VA provides certain tax benefits like US or Switzerland, people see VA as a fund investment for upside and take the guarantee as "something extra". Policyholder will never pay the fair option price with this mindset. What should we do to sell VA? Target the group of people who sees asset protection more important than asset growth.



Precision and Attention to details

Both Japan and Switzerland are famous for high precision and their attention to details. No one doubts about the precision of watches with “Swiss made” written in small print at the bottom of the watch face. Japanese electronics are one of the finest in the world if not the best.

When I was in Japan, I was responsible for building cashflows model for local Japanese companies. I will never forget the days (more precisely, night) that I have to reconcile reserve factors up to 6 decimal places. I think it is a bit over-stretched. If there is something wrong in the basic methodology, it would be terribly wrong no matter you have your model accurate up to 6 dp or 10 dp. Luckily I do not need to do the same again in my life so far.

Scientist once suggested that the DNA of a chimpanzee is more than 98% similar to human's. A few years ago some scientists suggested that it

Is overestimated. First of all, the genetic pattern of chimpanzee is not the same as human. It means the comparison is kind of apple to orange. Moreover, there are still a lot of unknown areas in genetic science. The more the scientists investigate, the more differences they can find, though in the gross picture 98% is the same. I found an article published in 2003 in the internet suggesting a more appropriate number being 95%. I suspect the number is getting even lower rather than higher as technology progresses.

What does that mean to an actuary? A pursuance of accuracy up to 6 decimal places in the reserve factor may not payoff, because you know how things can go wrong if you can only reconcile to 3 decimal places. However, it is dangerous to blindly believe your model and satisfy easily when you arrive at a statement like “you are 99% safe”. It is not the 99% safe scenarios matter but the 1% killer scenarios matter. It is not the common 99% that differentiate good and bad. It is the different 1% divide success and fail. In a world of increasing sophistication, we should continuously deepen our professional knowledge and pay more attention to details, though at the beginning we may see a drop in efficiency which we Hong Kong people are always proud of.

Gratitude

Thank you very much for reading up to now. The above is some feeling and opinion I have throughout my experience living and working abroad. It does not represent my employer's view. All mistakes in the article, needless to say, belong to me.



Hugo Choi BS, FSA
New Reinsurance Company (Switzerland)

Life Beyond Night Market

When you think of Taiwan, what will be your first impression? A nice weekend holiday getaway with delicious foods, Dintaifung dumplings, pineapple cakes, bubble tea with pearl and many more? Or you've fallen in love with Eslite bookstore and read Jimmy's drawing books in the middle of the night in the 24-hr bookstore?

If you're an actuary, there is a chance that you might come up with some unimaginative statistics. For example, it's the most congested and penetrated market in terms of premium vs. GDP and average policies per capita in Swiss Re's annual survey. It has a super low child birth rate, and ultra-low average sum assured per policy. It also once held the notorious title of lowest government bond yield in the world, even surpassing the mighty Japanese low interest rate environment.

Not as attractive as the night market delicious food?

In terms of market landscape, Taiwan is a mature market in a developed economy. Unlike Hong Kong where the market is dominated by multinational insurers, the Taiwan market is dominated by a few big local players, most of them are part of a bigger local financial holding company. Even though there are a few exits after the financial crisis, through a carefully crafted strategy and steady navigation, there is still room for other companies, local or foreign, to hold your footing and run a sound business.

In this market, you will not be able to navigate it in a day without coming across a task related to the issue of negative spread. Every strategy evolves around it in a direct or indirect way. It's an issue probably happening in most developing economies at different stages in varying degree when the initial high interest rate gradually drops to a level comparable to the developed and mature markets. When the market opened up 20 years ago, the time deposit interest rate was way above 6% for most part of the decade. Under those interest rate environment, it's not difficult to sell long-term whole life and endowment policies. However, with the rates dropping dramatically to a much lower level in the subsequent decade, it became a great challenge to everyone who has any prior exposure to long-term insurance contracts.





Given the current gap between the guaranteed rate and the risk-free rate, it can only be bridged with various kinds of risks. Name it as mortality, morbidity, market, forex, duration, credit or liquidity. Top of that list is the significant exposure of insurance company's assets to invest overseas, up to 45% with approval from regulator. It has opened a door to reduce the pressure and money within the island chasing the limited supply of government bonds, and allowing the money to be invested offshore, mostly in USD denominated bonds. It has provided a more decent return on the assets which can match the higher guarantees offered to the policyholders. But there is a legitimate asset liability mismatch in terms of currency, which could only be hedged partially through derivatives with tenor much shorter than the underlying assets. These are the typical situations where our expertise is required to try and explain to management on what the risks are and which ones we're taking and which ones we're hedging.

When you zoom in to a typical actuarial office, you might see less qualified actuaries in terms of title compared to a Hong Kong office, but make no mistake, there are still a lot of smart and quick-thinking actuarial practitioners in the industry. In this difficult market over the past decade of low interest, you need to get to know your business inside out and try ways to navigate that you might not need in other markets. Luckily, in addition to the experienced actuaries in the industry, there is a whole new generation of new young actuaries who're not only proficient in their work, but also quick in attaining their qualifications. With the incoming flux of new regulatory and financial standards globally, the needs of smart brains have now been greater and more important. Implementing IFRS 4 Phase 2 is already hard

enough, ultra-low interest rate environment, asset-liability mismatch and the negative spread issue, you certainly need to be innovative and flexible to look through the current hazy sky, focus on the silver linings of the clouds and the bright sun hiding behind.

Finally, some words for any young actuaries who would like to try working abroad. You won't regret it, it can provide you with a lot of fun experiences and memories and exposure to different cultures. However, in order to fully benefit from the experiences, one needs to have the right mentality that you're not just in for an extended period of business trip with all the bags packed and ready to go. I've thoroughly enjoyed myself in the years here, wandering around the city, meeting and making friends outside the circle of the actuaries and office, getting back and forth between bookstores and cafes. You can benefit greatly by learning the soft side of working through daily life, and it can certainly broaden you as a professional and enable you to grow as a person.

So, next time when you're in Taiwan, you can consider if you want to try working in an actuarial office in Taiwan when you're lining up for fried chicken steak in Shilin night market.



Alexander Wong, FSA
Nan Shan Life (Taiwan)

Working abroad



"The idea of working as an actuary in the UK has always had its appeal to me as it is regarded as the centre of excellence where much of the profession's thought leadership resides", explains Wendy Fu of Towers Watson's Hong Kong office who is currently on a long term secondment to the UK.

Being part of a larger team serving clients in a bigger and more developed insurance market has definitely offered me exposure to a greater variety of project work such as advanced modeling, Solvency II compliance, ALM and hedging, M&A, with-profits and regulatory issues.

The single hottest theme which currently defines the European insurance landscape is undoubtedly Solvency II, with most major companies investing significant time and resources in the development of internal models which are expected to yield lower capital requirements relative to the standard formula. The necessity to produce projected realistic balance sheet and economic capital results to facilitate timely management decision making has meant that 'lite modeling', curve fitting or replicating portfolio techniques are becoming the 'standard' approach in circumventing nested stochastic simulations. These in turn demand an in-depth understanding from actuaries of the loss functions associated with each of the risk drivers, correlations between risks especially at the tail end, as well as other factors such as capital fungibility constraints faced by the operation. The recently announced 'soft' transition to the new Solvency II regime has allowed breathing space for industry participants and supervisors alike. A number of technical areas remain uncertain and time-pressed for resolution. In the meantime, regulatory uncertainty has a knock-on effect on the level of M&A transactions or other capital optimization programs.

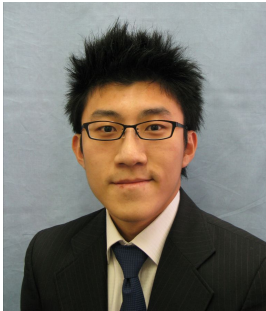
Other contemporary issues in the UK insurance market include the retail distribution review which affects the way advisors of pure investment products get remunerated; the payment protection insurance mis-selling scandal faced by banks, and changes to the taxation of new life

protection business which could potentially reduce profits being reported.

In terms of the work culture, London is not very different from Hong Kong and this is expected given that the latter used to be a British colony. Whilst the atmosphere is generally more formal in the office, reflective of British traditionalism, especially around the more senior actuaries, there are plenty of opportunities for bonding with colleagues and clients over various organised social events such as after-work drinks, sporting competitions, and offsite conferences. Work hours tend to be more predictable in London, and part-time employment bases for those with family duties is not unheard of, likely due to more adequate resourcing made possible from a larger pool of actuaries. Within the day-to-day work there is much more emphasis on frequent communication, focus on documentation both internally and externally and at all levels.

Undoubtedly it has been a rewarding experience working in the UK so far; yet it is the foundation previously built from working with many different clients across Asia, each facing their own distinct issues in such a diverse and dynamic market, which proves to be invaluable in my new endeavors.

As to advice for actuaries considering working abroad, it is important to set realistic expectations in advance with regards to how your current skill set and knowledge will be of use to your new employer, as well as clear objectives as to how these can be further enhanced or broadened through different opportunities in the new market. Moving to a foreign country and establishing a new set of contacts within the profession may seem a little daunting to most, therefore it definitely helps to belong (or seek to belong) to a global company which has a culture of investing in its people over the long-term and mobility policies which are conducive to making internal transfers and overseas secondments actually happen. Finally, once you're there, just be open-minded, maintain a positive attitude, and enjoy the experience, as there's got to be something new and useful to learn every day!



"Working in Japan is exciting and I enjoyed my working experience in Tokyo very much." Currently with Towers Watson in Hong Kong, Matsuta Ng shares his personal insights on his 3-year working experience in Japan.

The Japanese life insurance industry is the second largest in the world in terms of premium income and has one of the highest insurance penetration rates. The market is dominated by domestic insurance companies. Japan is confronted with the dual challenges of a low-yield economic environment and aging population. Total life premium income has gradually decreased since the turn of the millennium. In addition to intense competition in the local marketplace, the tightening of capital requirements, which is to be implemented in the first half of 2012, presents another challenge for Japanese insurers. The regulator generally expects the solvency ratio for some companies to fall significantly. The domestic players have lately eyed overseas acquisitions with a view to expand their profit base and regain growth.

Despite the challenging operating environment there are areas with growth potential in the market, for example medical insurance and annuity business. Variable annuity sales took off about ten years ago and increased rapidly after annuity products were allowed to be sold through the bancassurance channel. One of the key areas that I gained good exposure in while working in Japan was variable annuities, including market consistent valuations, experience analysis and product modeling.

The working culture in Japan has long been characterised by the seniority system. However, Towers Watson has a flat structure where associates work closely with seniors and are encouraged to provide feedback to one another. Japanese people are well known for being well-organised and detail-oriented. They generally require a very high standard of work delivered. I learnt to strive for balance between paying attention to detail and getting the big picture.

We used to have study groups to do research on published financial statements and embedded values. At Towers Watson, I learn new things every day and I am motivated to reinvent my thinking. I performed analyses, wrote to and spoke with clients. I love being allowed to bring my ideas to help not only our team, but also our clients.

"Otsukaresamadesu. Kanpai!" means "Thanks for your hard work. Cheers!". The key value of Japanese society is harmony. The emphasis of harmonious relationship between people is reflected in daily life. For example, when they disagree with certain things, they would not say "no" to you directly. Instead, they would rephrase the words and express their thoughts indirectly. Hence you have to be sensitive and aware of what they want to say.

One other thing that makes Japan different from many other countries is the drinking culture. It is pretty hard to describe precisely the drinking behaviour in Japan. It is a custom, a habit and also a group event. In the Towers Watson Tokyo office, my colleagues, some being local Japanese and others being from overseas like myself, are like family to me and we have developed a strong bond. The movie "Lost in Translation" describes the culture shock that an American movie star faced in Tokyo. Working in Japan generally requires a certain level of proficiency in the local language especially when insurance regulations and client documentation are written mostly in Japanese. Some of our local Japanese clients do not speak English well but they are very friendly and try their best to speak in English. I am very glad that my colleagues were very supportive in helping me handle Japanese documents and brushing up my spoken Japanese.

Give respect, gain respect. Cultural awareness is my biggest takeaway from my work experience in Japan. Working in a different country can be very different from working in your home country. During the three years in the Tokyo office, I was involved in overseas secondments to Korea and Taiwan as well. When you come to a new country, it is important to be open, respectful and considerate of others. This will definitely help you get used to the local culture, and be successful.



Kay Shong started her actuarial career in Towers Watson's New York office and subsequently relocated to Hong Kong where she spent three years. She transferred to Singapore recently and shares her personal experience of working there.

The Singapore life insurance market, unlike Hong Kong, has both large multinational and domestic insurers operating in it. Life insurance sales through non-agency distribution channels have picked up pace in recent years. Following the proliferation of bancassurance, many insurers are now actively developing smart-phone platforms to reach prospective customers. For example, the major insurers have launched iPhone or iPad applications to generate financial needs awareness and ultimately promote their brand names using these applications. We also see an increasing number of direct online insurers over the past two years. Customers can now purchase travel or life insurance online without going through the hassle of meeting agents or bank staff.

On the regulatory front, the Monetary Authority of Singapore ("MAS") is monitoring Solvency II closely and it would not be surprising for the regulator to tighten up control and disclosure requirements similar to those of the Solvency II requirements at some point in the future.

Similar to Hong Kong, Singapore is a densely-populated and fast-paced country. It is not surprising to see many people on the MRT late at night as most people tend to also work long hours here. Despite the hours and stress to meet work deadlines from time to time, I find it rewarding to be able to learn from a variety of projects here. In addition, I have also developed strong working relationships with my colleagues through project collaboration. In Singapore we communicate with our clients in English (not Singlish!). I have slowly changed my day-to-day conversational language from Cantonese to English to adapt to the new environment.

But it is hard not to encounter Singlish with the locals at work or outside work. By definition, Singlish is the colloquial Singaporean English and is identified with phrases such as "lah", "loh", "mah" at the end of each sentence or Malay words such as "Kena" or Hokkien dialect such as "siao" within the sentences. Foreigners may find it difficult to fully understand Singlish at times, but generally have a good grasp of the conversation.

As Singapore is surrounded by Malaysia and Indonesia (indeed Towers Watson Singapore also works with clients in Malaysia and Indonesia), it is very useful for foreigners to learn some basic words from Bahasa Malaysia/Bahasa Indonesia. "Selamat Pagi" means "Good morning" and "Terima Kasih" means "Thank you". In some cases, it is actually not difficult to interpret Bahasa as certain words are quite similar to English. For example, "insurasi" stands for insurance and "premi" stands for premium.

As a multi-racial country, Singapore is home to four main ethnic groups, namely Chinese, Malay, Indian and Eurasian. To embrace the multi-racial culture, it is important to be open-minded and receptive of the culture from all races here. I would strongly encourage any newcomers/tourists to try out the famous Malay dish – "Nasi Lemak" (i.e. coconut rice) and Indian dish – "Roti Prata" (i.e. Indian flying bread). Even if these might not be your favourite dishes, there is no harm trying out something new!

I have thoroughly enjoyed my nine months working in Singapore to date, and indeed the experience gained from other Towers Watson offices. Being able to work in different country offices means I have come to appreciate how financial modeling can be done differently as insurance products, regulations and company structure may differ from country to country.

I hope this article is useful for anyone who is considering Singapore as the next city of their career progression.

Terima Kasih!



Jacky Ng started his career with an actuarial software developer in Australia. The modeling skills he acquired have led to him being much in demand and have taken him all over the world. Jacky is currently based in Towers Watson's Hong Kong office.

When I was based in Australia I was spending over half my time working outside the country, so I thought relocating to Hong Kong was a good idea such that both Europe and US is only around 12 rather than 24 hours away, and that the growing Asian region is all within reach for a few short hours' flight time.

I started my career a decade ago after obtaining a scholarship in the only company in Australia which developed financial modelling software in-house. What was then known as Classic Solutions, with around 20 staff in Sydney and a handful in London and New York, has grown to be part of Towers Watson which has 14,000 associates around the world today.

The financial modelling software is called MoSes, which I have helped test, develop, sell and customise for many clients over the years. In return, MoSes has taken me all over the world, including to China, Hong Kong, Japan, South Korea, Thailand, the Netherlands, the UK and the US, making many friends along the way. Towers Watson is an amazing company to work in. I routinely interact with associates in different countries and time zones. I can always find support from experts all day and night thanks to the time difference. On a social level, I get to have my free local tour guides when I go backpacking around the world!

In Australia, the insurance sector is rather heavily regulated, more so since the collapse of HIH Insurance in 2001, in which the word "Actuary" finally made the news headlines for all the wrong reasons. This collapse is now used extensively in universities

as a case study to enforce the professional integrity of actuaries in training, in particular the "whistle blowing" responsibility of an actuary.

There are ample standards issued by the Australian Prudential Regulation Authority (APRA) as well as many of Professional Standards and Guidance Notes issued by the Institute of Actuaries of Australia. This makes an actuary's work more objective and consistent, as a result of following the guidelines and best practices outlined by the Institute. However, all these rules and regulations make an actuary's job less "fun" in my own personal opinion. In addition there are not many "interesting" traditional insurance products in the Australian marketplace. For example, most life insurance products are non-participating.

However, there are exciting opportunities for actuaries to work in non-traditional areas such as the growing private health insurance sector which is aided by the government's 30% subsidy of premiums. Furthermore, with the constant threats of floods, bushfires, freakish storms, lightning and also earthquakes in nearby New Zealand - there is potentially a lot of work for actuaries in the general insurance and reinsurance sectors to develop techniques such as flood mappings and weather modelling.

Mother Nature is not all bad Down Under – Australia is one of the world's most beautiful countries. There are no shortages of beaches, national parks and trails to explore, and most importantly fresh, clean air to breathe. The Air Quality Index in Sydney is almost always below 50. Australians have a laid back lifestyle and love long weekends when inevitably there will be a mass exodus of cars and caravans out of the city and into the countryside, enjoying all that nature has on offer, such as fishing, camping, bush walking and cycling with family and friends.

There is a pretty good work-life balance in Australia, and I would recommend everyone to visit or even work in Australia if the chance comes up and experience it for yourself!

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Climate Change Working Group:

Update of activities and publication extract from our ASHK webpage

The ASHK Climate Change Working Group was established in 2007, with an aim of reflecting and researching on how actuaries can allow for climate change in their daily work.

The working group ran a survey in 2008 to gauge members' views on climate change, and the survey findings can be found on our ASHK webpage (<http://www.actuaries.org.hk/publications.php?id=23>) and in the ASHK Newsletter (Vol. 01/2009, pages 19-21). Further to this survey, we have performed work to collate existing academic and industry research (conducted both locally, in the ASPAC region, and further afield), to provide an executive summary for the membership. It is hoped that this executive summary of research already undertaken, which we expect to evolve and will be updated over time, will provide actuaries with the means to understand and further investigate relevant climate change topics.

For certain research papers or publications, which we see as more relevant for actuaries in Hong Kong, we will expand on the title of the publication to provide a high-level summary. Last time, we showcased an example from a recent Munich Re publication, which highlighted the role of professional indemnity, as well as the risk of liability claims, relating to potential liability exposures for industry as a result of emitting CO₂ into the atmosphere. Recent industry commentary has posed the question: is climate change the next asbestos? We will 'watch this space' for further developments.

In this edition, we highlight an academic paper related to pollution levels in Hong Kong and the potential impact on a health insurer's portfolio. The summaries appear on our ASHK webpage, and we will provide additional summaries in future editions of this Newsletter.

Association between air pollution and general practitioner visits for respiratory diseases in Hong Kong

Thorax 2006;61:585–591. doi: 10.1136/thx.2005.051730

T W Wong, W Tam, I Tak Sun Yu, Y T Wun, A H S Wong, C M Wong

Purpose of the paper

- This paper studies the association between pollution and number of GP visits, at different locations in Hong Kong.
- This study used data of 5 pollutants, and number of visits to 13 clinics in 2000-2002, to assess whether increases in pollution levels are associated with higher GP visits, with a suitable time lag. The 13 clinics selected were spread geographically across HK, Kowloon and New Territories.

Conclusions of the paper

- The paper concluded that 4 out of 5 pollutants showed statistically significant associations, with the pollutant Nitrogen Dioxide having the highest relative risk. The number of GP visits was on average 2% - 3% higher during elevated pollution levels, compared with the number of visits during lower pollution levels.

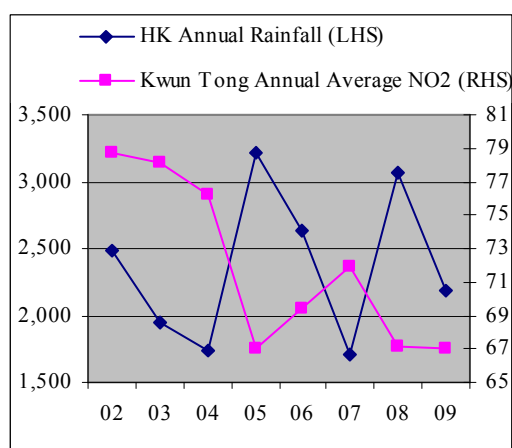
Why might the paper be relevant to members of the ASHK?

- So, I hear you ask, what is the level of NO₂ near where I work? This table extracted from this paper shows the average pollution level for Nitrogen Dioxide across HK in 2000 to 2002:

Location	Mean*
Central & Western	51
Eastern	55
Kwai Chung	68
Kwun Tong	72
Shatin	47
Tai Po	48
Tsuen Wan	66
Yuen Long	58

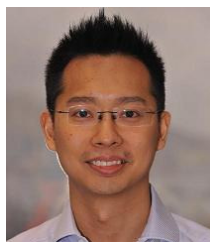
* Nitrogen Dioxide Concentration ($\mu\text{g}/\text{m}^3$) in 2000-2002
 “Nitrogen Dioxide is a pollutant associated with internal combustion engines, and Long-term exposure to NO₂ at concentrations above 40– 100 $\mu\text{g}/\text{m}^3$ causes adverse health effects” – source Wikipedia

- Finally, we provide a chart showing pollution trends from 2002 to 2009 in Kwun Tong, the most polluted area based on the above table. It shows that pollution appears to be decreasing. Also on the chart is the annual total rainfall in HK – has it simply rained more in recent years, which might explain a drop in pollution levels?



LHS – mm / RHS – mg/m³

- For those interested to know more, you can refer to the HKU paper via the link below.
 HKU Paper: <http://hub.hku.hk/handle/10722/57359>
 HK Pollution data: http://www.epd.gov.hk/epd/english/environmentinhk/air/data/air_data.html
 HK Rainfall data: http://www.weather.gov.hk/cis/data/dr/summary_e.htm



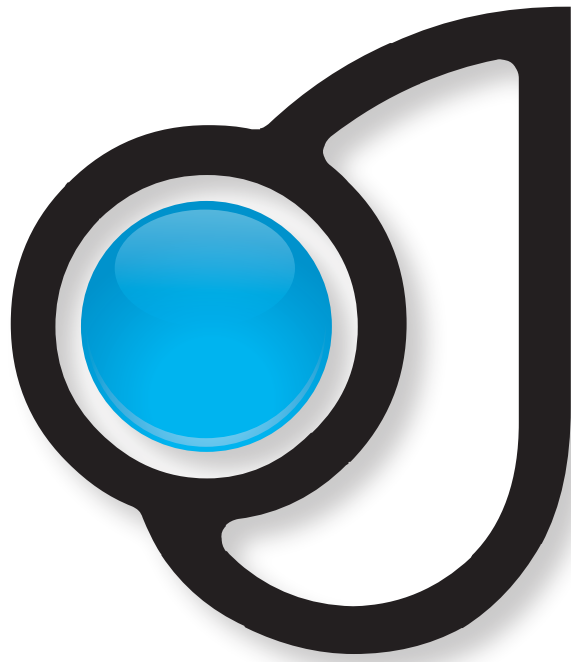
Daniel Wan FIA
HSBC



Martin Noble FIA
KPMG

Disclaimer: This is a high level summary and is not intended to be an executive summary of the publication or to formally summarise the publication in any way. The reader should refer to the original publication and should not rely on this description for any purpose.

If anyone is interested in joining the group, or has any comments on this article, please contact the ASHK office at info@actuaries.org.hk or Martin Noble at martin.noble@kpmg.com.



Oliver James

a s s o c i a t e s

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MEMBERSHIP UPDATE & ACTUARIES ON THE MOVE

New Members

Fellow

Nienh HO	PricewaterhouseCoopers	FSA (2010)
Lee-Jiat LIAUW	Aviva (Singapore)	FIA (2006)
Dennis Ming-Kei TANG	Prudential	FSA (2009)
Colin WEIR	Standard Life	FFA (2001)

Associate

Chit-Pan LEUNG	RGA	ASA (2008), CERA (2011)
Darren Tsz-Hong NG	-	ASA (2010)

Student

Ka-Ki NG	Deloitte	SOA Student
William Kin-Cheung TO	Deloitte	SOA Student
Man-Yu WONG	Leathwaite International	SOA Student
Hugo Chi-Yan YEUNG	Willis Re	SOA Student

Reinstated Members

Fellow

Matsuta NG	Towers Watson	FSA (2009), CERA (2010)
Simon Min SHA	Sunshine Insurance	Actuary (DAV)
Charles Man-Ho NG	SCOR Re	FIA (2005)
Tommy Yiu-Sing CHING	HSBC Insurance	FSA (2011)
Roger Chiu-Fai TANG	Deloitte	FSA (2011)
Tony Tak-Chung YAU	Deloitte	FSA (2011)

Members Upgrade

Peter Yi-Dong FANG	PricewaterhouseCoopers	FIAA (2011)
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Actuaries on the Move

Fellow

Daniel CHENG
Iris CHEUNG
KeeEng KHOR
Anna KONG
Keet Ying LEE

Eddie LEUNG
Daisy NING
Rodney LEUNG
Sandy REID

Associate

Clarence LAU



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News in the Circle

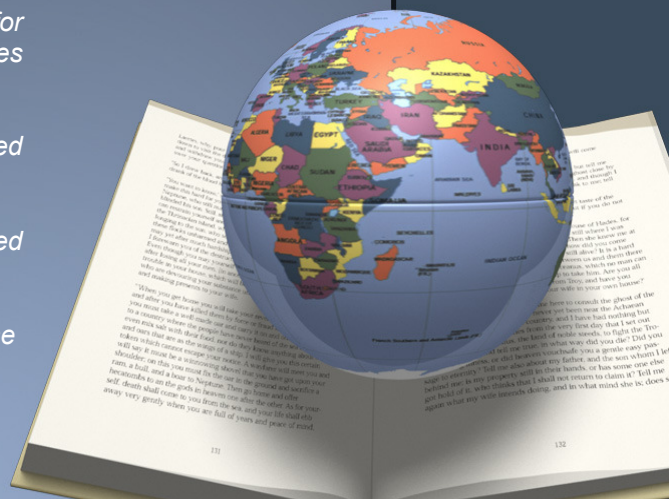
*Tony Ho (Barrie & Hibbert)
would like to share his happiness
with you for the birth of his baby
girl, YiYi Ho, who was born on
February 18, 2011.*

Market Update

The Management Board of the Authority has recently approved four sets of revised Guidelines:

- *Guidelines on Enrolment and Contribution and Arrangements for Relevant Employees Other Than Casual Employees (Guidelines IV.8)*
- *Guidelines on Contribution Arrangement of a Self-employed Person (Guidelines IV.17)*
- *Guidelines on Contribution Arrangement of a Self-employed Person Who Sustains a Loss (Guidelines IV.18)*
- *Guidelines on Minimum and Maximum Levels of Relevant Income of a Self-employed Person (Guidelines IV.19)*

Copies of the revised Guidelines can be downloaded from the Authority's website at <http://www.mpfa.org.hk>.



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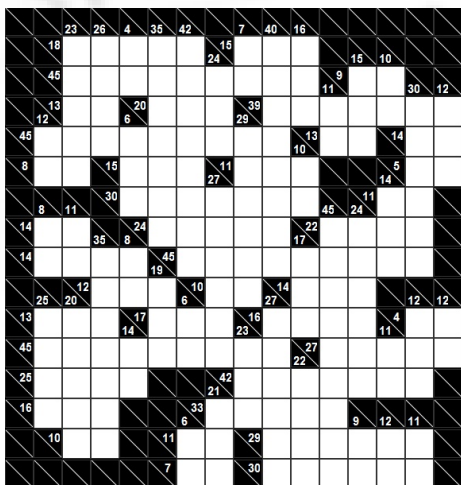
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A prize will be presented to the member who submits the first correct entry of **the Kakuro**. Join the game and submit your entry to ASHK Office by email: actuaries@biznetvigator.com **NOW !!!**



How to play:

- Place the digits 1 to 9 into a grid of squares so that each horizontal or vertical run of white squares adds up to the clue printed either to the left of or above the run.
- Numbers below a diagonal line give the total of the white squares below; numbers to the right of a diagonal line give the total of the white squares to the right.
- No digit can be repeated** within any single run. Runs end when you reach a non-white square.

16	14	12	10	18	9	31	45
7	9	2	8	5	6	3	15
4	1	9	2	3	5	6	7
5	4	1	6	2	7	3	8
6	1	9	8	4	2	3	1
7	4	1	3	5	2	9	12
3	6	1	9	8	4	2	3
4	5	3	5	2	6	4	7
3	8	6	7	5	6	3	1
4	6	7	2	1	8	9	1
5	7	6	9	1	2	4	7
8	9	5	6	3	7	2	1
1	8	5	6	7	8	6	3

Suggested solution for Jul 2011

UPCOMING EVENTS

Wed, 28 Sep

Mon, 3 Oct

Mon, 10 Oct

Tue, 12 Oct

Wed, 13 Oct

Mon - Thu, 10 – 13 Oct

Fri, 28 Oct

Mon - Tue, 31 Oct - 1 Nov

Tue, 1 Nov

Wed, 2 Nov

Wed - Fri, 2-4 Nov

Mon, 7 Nov

Tue, 8 Nov

Thu, 10 Nov

Fri, 25 Nov

Thu, 8 Dec

Mon, 12 Dec

- IAAust Networking Cocktail, Hong Kong
- ASHK Luncheon Meeting
- IAA Fund Meeting, Kuala Lumpur, Malaysia
- Institute and Faculty CPD event, New Qualifiers' Ceremony and Presidential Dinner, Kuala Lumpur
- ASHK Evening Talk
- 16th East Asian Actuarial Conference (EAAC), Kuala Lumpur, Malaysia
- SOA APC, Hong Kong
- SOA Symposium for Actuaries, Shanghai
- SOA APC, Singapore
- ASHK Luncheon Talk
- SOA FAC, Singapore
- ASHK Annual Dinner
- ASHK Appointed Actuaries Symposium
- SOA CRC Senior Life Actuaries Forum, Beijing
- SOA APC, Shanghai
- Global ERM Webcast—Asia Pacific Region
- ASHK AGM

IAA Mini-Congress in Hong Kong



EVENTS' HIGHLIGHTS

Joint Regional Seminar in Asia - Economic Capital



Kuala Lumpur (19 - 20 July)



Bangkok (21 July)



Taipei (25 - 26 July)



Hong Kong (27 July)



Beijing (28-29 July)

EVENTS' HIGHLIGHTS

ASHK & Macquarie Uni Seminar (15 August 2011)



Speaker : Dr. Frank Ashe



SOA VA Seminar, Shanghai (25 August 2011)



Speaker : Mr. Genghui Wu



Speaker : Mr. Eric Yau



Speaker : Mr. Frank Zhang



Speaker : Mr. K.C. Chan



Speaker : Mr. Leon Cai



Speaker : Mr. Rikiya Ino



Speaker : Mr. Daniel Lin



EVENTS' HIGHLIGHTS

SOA IFRS Seminar, Taipei (25-26 August 2011)



Speaker : Mr. William Horbatt



Speaker : Mr. Darryl Wagner



SOA IFRS Seminar, Hong Kong (29-31 August 2011)



Speaker : Mr. William Horbatt



Speaker : Ms. Mary Trussell



Speaker : Mr. Michael Lockerman



Speaker : Mr. Darryl Wagner



Speaker : Mr. Simon Walpole



Speaker : Mr. Peter Duran



Speaker : Mr. Simon Cheng



Speaker : Mr. Eric Yau



Speaker : Mr. David Roseburgh

Editor

Dr. Louis Ng E-mail: flouisng@hku.hk

Assistant Editors

Winnie Ching E-mail: wching@hk.rgare.com

Mary Kwan E-mail: Mary.Kwan@hk.ey.com

Brian Lai E-mail: brianlai@ieee.org

Kevin Lee E-mail: kevin.lee@integrityhk.com

Sing-Yee Yeoh E-mail: singyee.yeoh@milliman.com

Coordinators (ASHK Staff)

Patricia Kum

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

Tiffany Wong

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

Emily Lye

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 Puzzle Corner.

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.

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