



ACTUARIAL SOCIETY
HONG KONG
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THE ACTUARIAL SOCIETY OF HONG KONG

ASHK Newsletter

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Prize to give away -

win our 25x25 Sudoku &
Puzzle Corner Game!

Editorial

by Mr. David Waples

Welcome to the final edition of the ASHK newsletter in a turbulent financial year. 2008 in the financial world has been described as a tsunami and a once in a hundred year event. Looking back at the start of 2008, few would have predicted how much of the landscape of financial institutions would have changed in such fundamental ways. The shocks are still reverberating throughout the global economy. Many lessons will emerge from being in this wave, and we as actuaries can bring forth our analysis and insight to temper the waves in the future and reduce the shocks to institutions and customers.

Paul Carrett has written an insightful article on the financial crisis touching on the buildup to the crisis. He has captured the forces that have been exerted on the financial system by the magnitude of the events, the global nature and the scale of the response required by governments and regulatory authorities. Paul goes on to consider the flow on effect of these waves that impact actuaries in the areas of risk management and interest rates. Low interest rates have been a feature of many Asian markets in recent years, notably in Japan, China and Taiwan. Sustained low interest rates will place pressure on insurers with long term contracts in place for policyholders. This will place greater emphasis on asset liability management for financial institutions.

Another perspective of the crisis from a consumer angle is given by Mike Boot in his article on using the product features to provide greater flexibility and confidence to clients at a time of uncertainty. In a year in which account and asset values are down by as much as 50%, extracting value out of the investment and insurance portfolios of clients is valuable in charting a strategy for the future.

This is my last editorial for the ASHK newsletter and I have been very delighted to have been its editor for the last 2 years. You will be hearing from our new editor, Ms. Sim Ng, in the next issue. On behalf of the editorial team, I wish all our readers a happy festive season and a very prosperous 2009.

Message from the New President

I intend this to be a short speech and would like to open by saying it is a great privilege and honor to serve you as President in 2009.

I want to congratulate Tony, our current President, for successfully leading ASHK towards many achievements during 2008. I want to thank the Council and staff members of ASHK for the support and guidance I received during the year in my role as Vice President.



Mr. Sai-Cheong Foong
FIAA, FSA

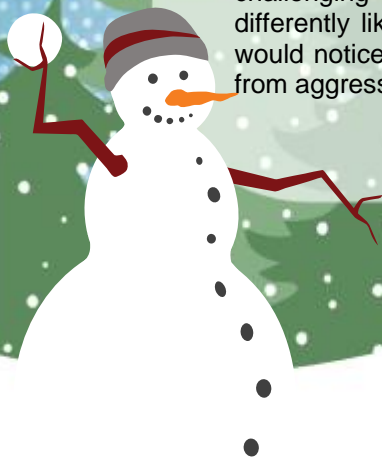
We are living in extraordinary times in which the business environment and capital markets change rapidly. The devastation caused by shockwaves from the global credit crisis, or financial tsunami as we call it here, has forever changed the landscape of the global marketplaces, many once mighty conglomerates, and even nations. As the financial crisis is showing signs of subsiding after massive interventions by governments around the world, the economic crisis is fast unfolding, with depressing news of many bankruptcies, layoffs and corporate losses.

This is a crisis time. It is also an opportune time for ASHK to stand forth and provide much needed leadership to critical issues facing Hong Kong especially the insurance industry.

In the capacity as Vice President, I represented ASHK to attend a number of social events like annual dinners hosted by insurance industry related trading groups including associations for agents and brokers. Whenever I introduced myself from ASHK, it was always flattered to hear that we the actuarial profession is full of intelligent and talented people. I am sure many of you have similar encounters. This is the impression of many non-actuaries.

With so much credibility and trust in the actuarial profession, it would be a great waste if we don't rise up to the leadership challenge and let this opportunity bypass the Hong Kong actuarial profession.

I can also share with you my personal experience at work recently as an encouragement. I have seen a number of financial and economic crises. The current crisis is the most serious and global in nature that I have ever seen in my entire career. Needless to say, my work life has become extremely challenging since mid September. Looking back, I could have taken it differently like keeping my head down staying very low profile so that nobody would notice and passively reacting to issues, or answering to one of the calls from aggressive head hunters to move to a less uncertain place. Instead, I have



Message from the New President *(Cont'd)*

worked very hard with my team in resolving many issues proactively. Apart from successfully meeting various challenges, the profile of the actuarial department has increased significantly with my employer because leadership is a much appreciated quality at such an uncertain time.

Therefore, I urge everyone here especially fellow members of ASHK to step forward and contribute towards your profession. You may ask "How could we do that?" By participating in various ASHK activities like meetings, seminars, surveys, social events. By volunteering your service to various committees and working groups. By working with ASHK in different ways playing an active role in your areas of practice. By running for Council positions.

With the support of the membership, the Council has formulated a number of strategies to lead ASHK over the next few years. For instance, we have embarked on the journey to gain statutory recognition. We have been working closely with regulators in providing guidance to professional work by our members. You have seen the establishment of working groups to deal with issues regarding Chapter 41, AGN7, AGN8 and benefit illustrations. There is a new working group to deliberate on the liability valuation interest rate. All these means that ASHK is becoming an increasingly influential and powerful force in the business community here.

Voluntary service by committed and talented members is essential to the success of these strategies. I urge chief actuaries in the audience to encourage your staffs to contribute towards these efforts.

I would like to close by thanking you again for the opportunity to serve you as the President of ASHK in the coming year. May you have a blessed holiday season. I look forward to seeing you at the next ASHK event.

(Quoted from the Presidential Acceptance Speech in the ASHK Annual General Meeting on 15 December 2008.)



Council Update



Life Insurance

The Life Committee and the working parties have continued their hard work to provide additional professional guidance on AGN3 (Chapter 41), AGN5 (Benefit Illustrations), AGN7 (Dynamic Solvency Testing) and AGN8 (Investment Guarantees). Their results have been presented for discussion through member consultations, at an evening discussion and at the Appointed Actuaries Symposium this year. The work is not over and is expected to continue into 2009.

ASHK Experience Studies

Data submission from companies is almost complete for the Hong Kong Individual Assured Lives Mortality Table & Critical Illness Study. A period of verification, analysis and collation of results will then follow with a final report targeted for distribution by next year. An experience study tool created by the Society of Actuaries (SOA) will be used to summarise the data. A new data format together with the tool will enable the study to be conducted more efficiently.

Statutory Path Project

The agreement with the law firm has been signed and the working groups have been drafting the broad principles of ordinance. We expect to seek members' views on the broad principles and direction through member consultations in the near future. Members are encouraged to take part in the consultations and continue to provide us with your feedback to help us shape the profession for the benefit of everyone in the future.

General Insurance Committee

The Joint ASHK-HKFI Employees' Compensation Pricing Workshop was held on 28 November 2008. The event was complimentary to both ASHK and HKFI members. There were two speakers representing the actuaries, one covering small groups and another large groups; likewise for the underwriters. The workshop was wrapped up by an interesting panel discussion. To view the photos, please go to the "Events' Highlight" section or http://www.actuaries.org.hk/news_album.php?id=101.

Health Working Group – Call for volunteers

In order to work with the government and the industry to find solutions to better healthcare in Hong Kong, a Health Working Group will be set up under the General Insurance Committee. We are now at the stage of recruiting members to be volunteers. Members who are interested to join, should contact our office.

Annual General Meeting 2008

This year we have a headcount record of over 300 in the Annual General Meeting (AGM). Seven newly elected / re-elected Council members were elected, namely, Mr. Chye Pang Hsiang, Mr. Peter Duran, Mr. Trevor Kreel, Mr. Stuart Leckie, Mr. Peter Luk, Ms. Sim Ng and Ms. Wong Ka Man. Watch our for the New Committee's strategic plan in next issue of the newsletter.



Feature Articles



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“The scale of the impact on the banking system, financial markets and consequently the real economy, however, makes this crisis more serious than any we have experienced for some time.”

The Financial Crisis: An Actuary's Perspective

By Paul Carrett

“Investors, much of the time, are behaving quite rationally, but according to a different model. They are often not responding to changing expectations of returns, but are being forced into involuntary transactions (in a price-insensitive manner) by the particular financial situation in which they find themselves. Pepper (1995) refers to these latter transactions as “liquidity trades” as opposed to “portfolio trades”..... When a large number of liquidity traders appear as sellers the market is facing systemic risk.” (Michael D Barker, Some Thoughts on Systemic Risk (1999))

Mr. Barker's description of liquidity driven systemic risk is highly relevant to the present state of affairs. The history of the current crisis, provides a familiar tale of excessive liquidity leading to excessive leverage, subsequent investment losses and forced de-leveraging. The scale of the impact on the banking system, financial markets and consequently the real economy, however, makes this crisis more serious than any we have experienced for some time.

In the brief history of the crisis outlined below, the most challenging aspect is its capacity to expand its “terms of reference”. Quite rightly, the actuarial profession has channeled its initial efforts towards dealing with the first order effects of the crisis, namely the adverse movements in equity, credit and interest rate markets. The potential for longer term, second order effects now demands our attention. Questions as to how well we are prepared for further market volatility, and the ongoing implications of the policy responses need to be considered. As such, it is instructive to review how we got to this point, with a view to thinking about the risks we might face hereafter.

A Brief History

While sub-prime lending is generally regarded as the earliest manifestation of the crisis, its origins can be traced back to broader financial trends extending over a number of years. To start, a number of years of relative economic prosperity combined with the excess savings from Asian economies built up a massive store of liquidity. Too many dollars chasing financial assets inevitably led to aggressive pricing of risk premia on these assets, especially credit. Combined with the prevailing low interest rate environment, investors seeking yield were pressed. It was into this breach that sub prime mortgages arrived on an unprecedented scale. There was so much liquidity in the system that a good deal of it found its way into the hands of borrowers who traditionally were excluded from the credit markets, namely sub prime borrowers. Investor demand for these mortgages was high, so much so that declining credit standards, complexity and the inherent structural leverage of the related securities were tolerated for the extra yield they offered.



This created a self reinforcing trend. Rising house prices, strong employment, and rising consumption of the back of general wealth effects fuelled economic growth. In retrospect, the peaking of US house prices and subsequent increases in sub prime default rates across 2006 and 2007 were an important turning point. Investors in sub prime assets, mortgage originators and banks were all exposed. What happened next is well documented. George Soros describes it well:

"Confidence in the creditworthiness of many financial institutions was shaken and interbank lending was disrupted. In quick succession, a variety of esoteric credit markets—ranging from collateralized debt obligations (CDOs) to auction-rated municipal bonds—broke down one after another. After periods of relative calm and partial recovery, crisis episodes recurred in January 2008, precipitated by a rogue trader at Société Générale; in March, associated with the demise of Bear Stearns; and then in July, when IndyMac Bank, the largest savings bank in the Los Angeles area, went into receivership, becoming the fourth-largest bank failure in US history. The deepest fall of all came in September, caused by the disorderly bankruptcy of Lehman Brothers in which holders of commercial paper — for example, short-term, unsecured promissory notes — issued by Lehman lost their money.

Then the inconceivable occurred: the financial system actually melted down. A large money market fund that had invested in commercial paper issued by Lehman Brothers "broke the buck," i.e., its asset value fell below the dollar amount deposited, breaking an implicit promise that deposits in such funds are totally safe and liquid. This started a run on money market funds and the funds stopped buying commercial paper. Since they were the largest buyers, the commercial paper market ceased to function. The issuers of commercial paper were forced to draw down their credit lines, bringing interbank lending to a standstill. Credit spreads — i.e., the risk premium over and above the riskless rate of interest — widened to unprecedented levels and eventually the stock market was also overwhelmed by panic. All this happened in the space of a week." (George Soros, "The Crisis & What to Do About It". New York Review of Books, 4 December 2008)



We are now seeing a self reinforcing trend working in the opposite direction. Sub prime assets on bank balance sheets, now at knock down prices, diminished their capital bases and thereafter their ability to lend money. Distress in sharemarkets has also been acute, with hedge fund redemptions and consequent forced sales of financial assets adding further to the pain.

At a high level much of this may seem reasonably similar to previous crises. The period of excessive leverage and asset market bubbles that led up to the stockmarket crash of October 1987 comes to mind. This crisis, however, is different in some very important ways. To start, the magnitude of financial market losses sustained is considerably greater. In calendar 1987, for example, the US S&P500 fell 33% from peak to trough. At the time of writing this same index is down approximately 44% over calendar 2008.



Second, globalisation has made the transmission of effects across both the banking system and the real economy all too efficient. US sub prime assets found their way onto the balance sheets of financial institutions around the world. Home grown mortgage losses are starting to bite outside of the US. The consequent impact on all major markets, from equities, to bonds, to foreign exchange and interest rates has been dramatic. Globally, very few assets classes have provided safe havens.

Third, the nature of event risk is profound. At this point, one cannot point to a single moment that truly encapsulates this crisis. Rather it is better characterized as a series of related events. Markets have remained volatile as impact of the JP Morgan takeover of Bear Stearns, the collapse of Lehman Brothers, the AIG rescue, and the effective nationalisation of several UK and European banks, and so on, have been absorbed one after the other.

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The magnitude of the policy response has been proportionately large. Monetary policy has been loosened considerably. Coordinated decreases in official money market rates around the world have been made, and programs like TARP in the US have been created to assist banks manage their balance sheets, and at times to inject capital directly. Fears of recession – indeed the reality thereof – have prompted further government intervention, from dramatic bank rescues (and a multitude of new acronyms) to promises of substantial fiscal assistance. Policy responses, however, take time to work their way through the system. The success or otherwise of these efforts will not be known with any certainty for some time.

The Issues for Actuaries

The systemic risk that has presented itself provides an interesting set of problems for actuaries. The actuarial profession would do well to remember Mr Barker's sage words at the commencement of this article. There is little doubt that some real investment opportunities will arise in circumstances such as these. *At the same time, actuaries need to keep a sense of balance regarding risk – particularly where matters of ongoing solvency are concerned.* In markets such as these, apparent anomalies in value can persist for prolonged periods where liquidity traders dominate portfolio traders, to use Mr Barker's nomenclature.

Moving from the immediate to the longer term (or second order) issues, there are two principal areas where I believe the actuarial profession will continue to be challenged for the foreseeable future, namely capital management and interest rates.

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The insurance industry's capital position has been diminished, principally by losses on equity and credit markets, and in some cases lower interest rates. The industry is only starting to come to grips with managing risk with lower margins for error. With less capital, companies need to be every more cautious with respect to the risks that remain on their books, whether these risks be managing current market risk or the launching of new products. It is hard to imagine the recent market experience will not prove a defining experience for a generation of directors, executives, investment managers and indeed actuaries. While this does not mean wholesale and permanent risk aversion, more active (and no doubt skeptical) measurement and management of risk will follow.

Globally we have seen concerted campaigns to reduce interest rates with a view to offsetting the damage done to the real economy. For life insurance companies in Asia (in particular), this can create some special challenges. Negative spread issues are reasonably common in Asia – and any period of prolonged low rates will exacerbate the situation. While there is a range of supportable views for where interest rates may move, the risk of a prolonged recessionary environment, with consequent impacts on realised interest rates remains an issue. Contingencies for such recessionary risks, beyond those already priced into risky asset classes such as equities and credit, also need to be factored in to any reasonable asset-liability management plan.

On balance, insurance risk managers are going to earn their money over the next little while. Volatile markets combined with increased scrutiny from shareholders, regulators and management alike while we go about our task is going to make things especially daunting. Let us proceed with due deference to the bywords of caution and considered risk taking.



Finding a Small Window of Opportunity in the Financial Crisis

..... By Mike Boot

The process of selling financial products has changed dramatically with the recent financial crisis. The leaders of the financial world are not quite as permanent as we all thought. Apart from Wall Street institutions like Lehman Brothers and Bear Stearns, and banks like Wachovia, the crisis has also impacted the insurance industry. Last month the insurance giant American International Group (AIG) needed an \$85 billion bailout to prevent it from sliding into a bankruptcy that might have ripped through the Fortune 500. That raises the question of how healthy the insurance industry is.

Your customers, just like all of us, may experience a sense of fear fueled by the ongoing public discussions and news reports on the economic crisis. These clients may worry that their insurer may go out of business or let lapse insurance products. To counteract this concern, it is important to provide rational facts that pertain to the current situation.

To fully address these questions and concerns, transparency is key in providing details about the financial strength of the insurance companies whose products and services you sell. The agency ratings are important to emphasize during this volatile market. It is a natural time to discuss enterprise risk management practices utilized by these companies. Everyone needs to understand that the problems at AIG were not at any of the 71 insurance entities of its core business, but rather for the holding company, which was regulated at the federal level. This confirms that the risk management tools utilized in insurance companies provide benefits and helps mitigate risks. Reference the insurance guarantee fund status in your state in order to gather additional information.



The next step is to address the true nature of the questions or concerns. Jack Bobo of *The National Underwriter* notes the importance of what products can do with the observation that "Each year millions of ¼-inch drill bits are sold, but nobody wants a drill bit -- what they really want is a ¼-inch hole." In the same manner, your customers want products that offer protection or guarantees from this risky situation.

Actuaries often view insurance policies as a bundle consisting of different benefits and services. As actuaries model product performance, they model a wide range of scenarios and stress tests, including scenarios that are faced today. Many of the products offered by insurance companies are perfect for today's environment in that they offer guarantees and flexibility for this challenging economic condition. Many customers are not aware of the various benefits and options embedded in their financial products, so it's important that informed advice is readily available to customers who might act in an emotional manner.

In the past, clients may have complained about the complexity of their policies with the added options and riders attached to base policies; however, those features can now be utilized to add flexibility that meets customers' changing needs.

Here are a few examples of products with features that could be emphasized to address the changes your customers will experience:



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"To fully address these questions and concerns, transparency is key in providing details about the financial strength of the insurance companies whose products and services you sell. The agency ratings are important to emphasize during this volatile market."

Universal Life Product Flexible Features

1. *Flexible premium payments.* When customers buy a 10-room house and assume a mortgage, they generally cannot decide to lower their payments by living in only seven of the house's rooms. However, a universal life policyholder usually has the flexibility to choose the coverage level that's really needed and most appropriate. By reducing the policy's face amount, and also varying the amount and frequency of premium payments, the policy still remains in force when clients face financial concerns.

2. *Utilizing the cash-value accumulation.* Provided the cash surrender value is sufficient, then the customers could utilize a portion of the cash value to continue the policy without making a premium payment. In addition, customers can access funds to be used for other bills through taking policy loans or partial surrenders.

3. *Consider no-lapse guarantee riders.* The flexibility of a universal life policy with the ability to change payment dates and premium and overage levels is a valuable benefit. However, if customers are willing to consider some limits on their premium payments, they could be well served with a no-lapse guarantee rider. This rider ensures that if the policy is funded at a premium level required to maintain the guarantee, the policy will not lapse, even if the cash surrender value is not sufficient. This feature allows continuous coverage, even if the investment returns are less than illustrated.

Annuity Guarantee Features

1. *Sell the low or zero return.* Equity-indexed annuities respond to growing concerns about risk from consumers. In most products, the gain can be locked in each year. So, not only can the principal be maintained, but the growth amount also cannot be lost. It is likely that in 2008 many equity-indexed annuities will have a zero return. It is very important to learn where the money came from, because it's likely that for many customers, this will come from other equity funds. If they had \$200,000 invested in an equity fund that is down 20 percent for the year, then the return of zero is actually \$40,000 better than if they were fully invested in the market without the floor guarantee. In that comparison, a return of zero looks very attractive.

2. *Use a guaranteed lifetime withdrawal benefit (GLWB) rider.* A GLWB rider guarantees that customers can withdraw a minimum amount throughout their lifetime -- regardless of the performance -- and it does not have to annuitize the contract. The guarantee is a set percentage of the investment, which increases the longer customers delay taking payments. For example, the insurance company might agree to pay 5 percent at age 55. But if the customers wait until age 70 to begin taking income, the insurance company might increase that to 6 percent. As a result, customers could stay partially invested in stocks without worrying that a market crash might reduce their income. This option can be a good idea if they need a guaranteed income but don't like the idea of giving up the control over money that annuitization requires.

This marketplace will likely remain volatile and unpredictable for the next several months and will present many challenges to producers. As for financial advisors, one of the best things to do right now to help clients remain calm and prepared is to provide them with factual and timely information. Think like an actuary and be prepared with data and potential risk scenarios. This is the ideal time to de-mystify the features embedded in the products and emphasize the benefits of these products to meet the changing needs of the customer and provide meaningful guarantees.

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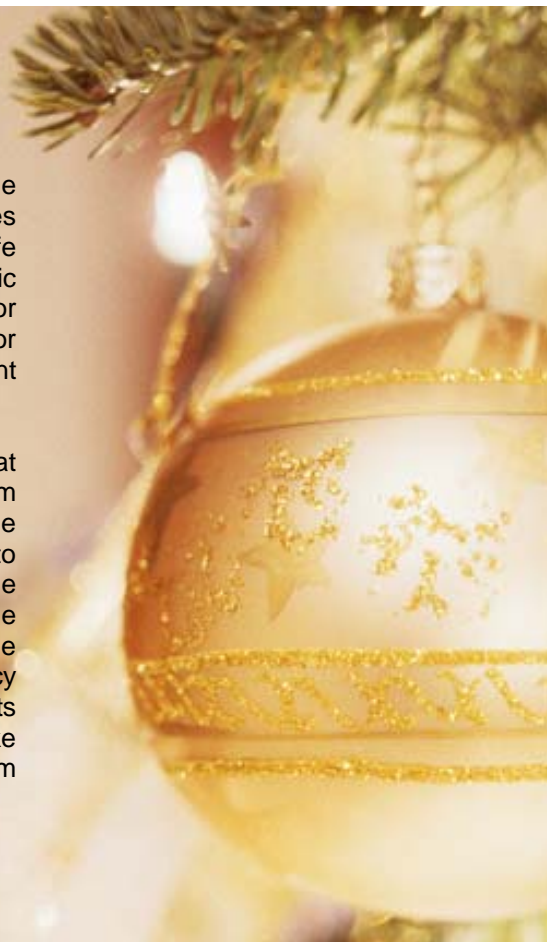
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Actuaries in the Media

The November 2008 issue of the *Asia Risk* published an article "Aging Tigers" interviewing two actuaries, Ms. Cindy Forbes and Mr. Mark Stamper. Figures have shown an increasing life expectancy and falling fertility in Asia. Facing a demographic evolution more rapid than that in Europe, there is one major advantage - a much higher savings rate. The challenge for insurers is to transform those savings into long-term investment products.

When asked about currency risks, Ms. Forbes believes that whether it is possible to convert those US dollars assets from high-net-worth individuals into dollar-denominated Variable Annuities (VAs) is the challenge. She added, the decision as to whether to offer a local-currency product is a function of the capital markets - the availability of instruments to hedge the currency risk - and the demand for a local currency VA in the market. Mr. Stamper also holds the same view that currency risk is an issue, but believes a lack of long-dated instruments and the illiquidity and volatility in local capital markets make local-currency-denominated issues too risky in the short term and could act as a barrier to future expansion.



Market Update

Revised MPF Code & Guidelines

Guidelines on Investment Managers (Guidelines III.5) have recently been approved by the Management Board of the Mandatory Provident Fund Schemes Authority:

[Guidelines on Investment Managers](#)
[\(Guidelines III.5\)](#)

The name "Monetary Authority of Singapore" is added to the list of regulatory authorities recognized by the Authority for the purposes of section 45(4) of the Mandatory Provident Fund Schemes (General) Regulation in paragraph 7.

Copies of the revised Code and Guidelines could be downloaded from the MPFA website at <http://www.mpfa.org.hk>.



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New Members Welcome

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Thomas Sai-Fan CHAN, *FCAS* (2007), Swiss Re
Lynette DAVIES, *FIA* (2005), Standard Life
Steffen GILBERT, *FIA* (1992), *ASA* (1993), Old Mutual
Graham Stuart HANDY, *FIA* (1998), Ernst & Young
Kelvin KWOK, *FIA* (2007), Watson Wyatt
Daisy LAM, *FSA* (2007), AXA Asia Pacific
Cheuk-Kei LIU, *FCAS* (2008), KPMG
Phillip Cheuk-Tong LUI, *FIAA* (2008), Deloitte
Paul Martin MELODY, *FIA* (2003), Towers Perrin
Philip Michael REYNOLDS, *FFA* (2003), *FIAI* (2007), HSBC
Elvin Seet-Yeow THARM, *FSA* (2007), Principal
Winncy Mei-Ling WONG, *FSA* (2008), Manulife
Vernon Chun-Wing WU, *FIA* (2008), AIA
Peter Wei XIONG, *FSA* (2008), AXA



Associates

Ka-Chun CHEUNG, *ASA* (2006), HKU
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Yi-Fan FU, *AIAA* (2005), AON Re
Jihyun KIM, *ASA* (2008), Towers Perrin
Jie-Ting LEONG, *AIAA* (2008), AXA Asia Pacific
Christie Yin-Yee LEE, *ACAS* (2008), Watson Wyatt
William Chun-Man LEUNG, *AIA* (2008), AIA
Sharon Sen-Wah MAK, *AIAA* (2003), Towers Perrin
Justine Ming-Yan POON, *ACAS* (2008), HSBC
Kay-Ying SHONG, *ASA* (2008), Towers Perrin
Leon Liang TANG, *ASA* (2008), KPMG



Students

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Derek Ho-Yin LAM, *SOA Student*, Manulife
Man-Lung LAW, *SOA Student*, Manulife
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Kelly Kin-Chi LEE, *SOA Student*, AXA China Region
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Joanna LIM, *IoA Student*, Watson Wyatt
Carol Sui LU, *IoA Student*, Towers Perrin
Arthur Tsz-Yiu MAK, *SOA Student*, New York Life
Roy Tsz-Yeung MAK, *SOA Student*, KPMG
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Le-Keat ONG, *SOA Student*, AXA Asia Pacific
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Chin Chi PANG, *SOA Student*, KPMG
Jennifer Kin-Wah SHUM, *SOA Student*, Manulife
Cheryl Cheuk-Yee SIN, *SOA Student*, HSBC
Chiu-Fai TANG, *SOA Student*, Deloitte
Doris Yanruo WANG, *SOA Student*, Manulife
Wendy Wei WANG, *SOA Student*, Zurich
Jacky Chun-Kei WONG, *SOA Student*, AXA Asia Pacific
Cheuk-Ki WU, *SOA Student*, BOC
Chi-Ho WU, *SOA Student*, New York Life
Jianbo XIANG, *SOA Student*, Cologne Re
Eva Tsz-Wai YAN, *SOA Student*, AXA Asia Pacific
Arthur Tsun-Yin YIP, *IoA Student*, AXA China Region
Timothy YIP, *SOA Student*, AON Re
Stephen YU, *SOA Student*, HSBC
Suzie Shu-Si ZHOU, *SOA Student*, New York Life



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Fellows

Hussain AHMAD, *FCAS* (2008), Towers Perrin
Ronald Yu-Ching CHENG, *FSA* (2008), Manulife
Nick Siu-Ning CHIU, *FSA* (2008), KPMG
Rotin Yiu-Wai CHOY, *FSA* (2008), Zurich
Felix Wai-Shing FUNG, *FIAA* (2008), HSBC
Paul Ming-Yan FUNG, *FSA* (2008), Manulife
Iris Nga-Yan HO, *FSA* (2008), Manulife
Kim Wa-Yam HUI, *FSA* (2007), Zurich
Linda Li-Ching KAM, *FSA* (2008), Transamerica Re
Jin KE, *FSA* (2008), KPMG
Chi-Fung KONG, *FSA* (2008), AXA Asia Pacific
Steven Siu-Kei KONG, *FSA* (2008), ING Asia/Pacific
Robin Pan LAW, *FSA* (2008), HSBC
Danny Yuk-Ming LEE, *FSA* (2008), Manulife
Iris Oi-Yee LEE, *FSA* (2008), AXA China Region
Alfred Chi-Fai LEUNG, *FSA* (2008), Sun Life
Ellen Wai-Ying LEUNG, *FSA* (2008), Manulife
Wing-Kin LO, *FSA* (2008), Sun Life
Andrew Cheuk-Yin NG, *FSA* (2008), CUHK
Florence Shuk-Ha NG, *FSA* (2008), Ernst & Young
Kenny Siew-Khuen POON, *FSA* (2008), AXA Asia Pacific
Laurance Wai-Chun WONG, *FSA* (2007), AXA China Region
Michael Chi-Hang WONG, *FSA* (2008), Sun Life



Associates

Taylor Tin-Lok CHAN, *ASA* (2008), Manulife
Tom Ho-Lun CHAN, *ASA* (2008), KPMG
Henry Ka-Fai CHAN, *ASA* (2008), Manulife
Ka-Leung CHEUNG, *ASA* (2008), Manulife
Lawrence Shing-Chung CHEUNG, *ASA* (2008), Manulife
Candy Hiu-Yan CHIU, *ASA* (2008), Manulife
Gilbert Chun-Ho CHIU, *ASA* (2008), Manulife
Anthony Chi-Hang CHOY, *ASA* (2008), BOC
Kent King-Tai CHUNG, *ASA* (2008), Towers Perrin
Edmond Ho-Yeung KAM, *ASA* (2008), Towers Perrin
Jarita Pui-Yin KWAN, *ASA* (2007), HSBC
Tony Chi-Hong LAW, *ASA* (2008), Fortis
Soo-Hwee TAN, *ASA* (2006), AXA Asia Pacific
George Yiu-Nam TANG, *ASA* (2008), Manulife
Eric Chi-Hang TSUI, *ASA* (2008), Manulife
Martin Sai-Cheung WAH, *ASA* (2008), Standard Life
Gavin Ka-Yeung YIP, *ASA* (2008), HSBC
Terence Tin-Hang YIU, *ASA* (2008), AXA Asia Pacific
Jackie Kim-Hung YUEN, *ASA* (2008), BOC



Reinstated Members

Fellows

John LAW, *FSA* (2000), *FCIA* (2000), *MAAA* (2000), Manulife
Johnny LEE, *FSA* (2003), Prudential
Ben Chung-Ping NG, *FSA* (2002), AXA China Region
Alex Ka-Chun YUE, *FSA* (2005), AXA China Region

Associates

Sherry Yihong DU, *AIAA* (2004), *ASA* (2007), Watson Wyatt

Students

Shawn Xiao HU, *SOA Student*, Ernst & Young

Actuaries on the Move

Fellows

Juan Carlos Romeo ABADA; Fiona Chi-Kwan AU
Kenneth Wing-Yiu AU; Rawson Yi-Chuan CHEN
Iris Lai-Hing CHEUNG; Danny Ka-Ming CHOW
Rebecca Pui-Kar CHUNG; Felix Wai-Shing FUNG
Delme PRITCHARD; Billy Yuk-Lun WONG



Associates

Aimee Uy CHONG; Rachel Yee-Man CHONG;
Anthony Chi-Hang CHOY

Students

Brandon Ka-Yip CHAN; Gary Ka-Wai CHIU
Stella Wing-Suet LEUNG; Johnny Hau-Yin WAT; Tony Tak-Chung YAU



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Events' Highlight



ASHK Evening Talk 17 Sep 2008



ASHK Evening Discussion 29 Oct 2008



**ASHK Annual Dinner
3 Nov 2008**



Speakers (from far left to right):

Mr. Tony Cheng;
Mr. Kin-Por Chan;
Mr. Stuart Leckie

Our Honorary Guests & Council Members



Our New Fellows received souvenirs from the President of ASHK, Mr. Tony Cheng



Music Performance



Ms. Amy Tam (Harpist) &
Ms. Nikaido Izumi (Flutist)

Games with New Fellows



There were over 150 members and guests attending the Annual Dinner. We were honoured to have Mr. Kin-Por Chan as our distinguished guest speaker and also the VIPs joining us. The ASHK would like to extend sincere thanks to the following companies which had provided raffle draw sponsorship for the 2008 Annual dinner (in alphabetical order):

Cologne Reinsurance Company plc, Hong Kong Branch; Deloitte Actuarial and Insurance Solutions (HK) Ltd; D.W. Simpson (Asia Pacific) Pty Ltd; Ernst & Young, Actuarial Services, Asia; Grand Hyatt Hong Kong; Hannover Life Reinsurance; HSBC Insurance (Asia-Pacific) Holdings Ltd; InterContinental Grand Stanford Hong Kong; Metropolitan life Insurance Co of Hong Kong Ltd; QED Actuarial, RGA Reinsurance Company, Swiss Reinsurance Company and Transamerica Reinsurance, Asia Pacific Head Office



Desert trek with Mr. Stuart Leckie!





**ASHK Appointed
Actuaries Symposium
4 Nov 2008**

Speakers are as follows:



Mr. Pang Chye



Mr. William Bossany



Mr. Thomas Chan



Mr. Tak Lee



Mr. Simon Walpole



Ms. Wong Ka Man



Mr. Sai-Cheong Foong



Mr. Patrick Li



Mr. Kenneth Dai



Ms. Angel Hon



Mr. Clarence Wong



**Joint ASHK-HKFI Employees'
Compensation Pricing Workshop
28 Nov 2008**



Mr. Pang Chiye



Mr. Barry Yeung



Mr. Charles Ng



Ms. Vivian Ho



**ASHK
Annual General Meeting
15 Dec 2008**



Prize to give away!

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

25x25 Sudoku

How to play:

fill in each square with a letter so that each row, column and each 25 x 25 block contains A to Y.

		L	F			G		R		E	X	J	A			D										
B		S		M				J								R	E									A
								V				C	B			N	L			P	H	Y				
	P					B	W			M	L	V			U	O	S	C						N		
W	X							Y	H	D		P	S	U		G						C	L			
	D		B							J	X	L	Q	P						E						
		I				F	Y			H		E	C							T				R	S	
O	J	K						R	L	S						W			G					D		
						N		V				R	P	T		F	K	M								
	V		Y			A	Q	E	D	G			N		H	C	U			K						F
	T	M	O							I			B		Y	A	H				E			U		
	A					P	J		G			D	T			I			N		X			Q		
Y	B	E						M					V							S	A	H				
		G	U			L		B	Q				R	F	P			O			M		J			
H	J	R	L	P	I				E					S		Q		U		O						V
	H			O		C		F		U			G		R	N	E		A							
			S		A			P	K				J	V	Y	O							U			
	C	A		U				D				B		M		X	Y			N				F		
								O		L	N		F	Q	X								M			
	E	W	P	D		M	X	G	B		I			O	C		V									H
		Y	T	B		S					A					U	C				L					
P	L		E		K	U		W			O					S	I							Y	J	
				I	T	V	G	D		C		N	Y	R		K						A		O		
X		F	V	H		Y	N			J	K		I		T	A	P		G		W				M	
N	M	U	A			E				F	V		W	J				B					R	G	K	

Puzzle Corner

Do you know the answers?

Question 1

Penthouse **ADJUSTMENT**

Ground Floor **ADJUSTMENT**

Question 2



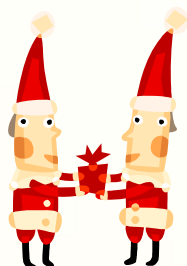
Solutions for August 2008:

Catchphrase Game

1. Jerry Maguire
2. Sideways
3. Rain Man
4. Annie Hall
5. Star Wars

16X16 Sudoku

E	7	8	B	3	2	A	F	G	6	4	1	D	C	9	5
4	A	G	D	8	1	9	6	5	3	C	7	B	2	E	F
6	1	9	2	G	D	C	5	E	8	F	B	A	3	7	4
3	5	F	C	4	7	B	E	9	D	A	2	8	6	1	G
2	B	1	E	7	4	5	A	D	C	3	F	6	G	8	9
8	3	4	5	D	9	1	G	B	7	6	A	E	F	C	2
7	9	6	F	2	C	8	3	4	E	G	5	1	A	B	D
G	C	D	A	F	E	6	B	2	1	8	9	7	5	4	3
D	8	E	7	A	G	F	2	C	B	9	6	5	4	3	1
F	G	C	3	B	6	7	9	1	4	5	D	2	8	A	E
B	6	A	1	E	5	4	8	3	2	7	G	9	D	F	C
5	4	2	9	1	3	D	C	A	F	E	8	G	E	6	7
1	E	5	4	6	8	G	7	F	A	D	C	3	9	2	B
A	2	3	6	9	F	E	D	7	G	B	4	C	A	5	8
9	F	B	G	C	A	3	1	8	5	2	E	4	7	D	6
C	D	7	8	5	B	2	4	6	9	1	3	F	E	G	A



AND...
the winner of the last issue is **Mr. Victor Cheung of Manulife!**

2009 Upcoming Event

Joint Regional Seminar - "Practical Actuaries and Financial Reporting", 13-21 July, 2009

Jointly organised by the Society of Actuaries (SOA), UK Profession and Institute of Actuaries of Australia (IAAust) with the support of local actuarial bodies, this Joint Regional Seminar (JRS) is designed to assist actuaries in meeting CPD requirements. The Actuarial Society of Hong Kong (ASHK) will be one of the local supporters in the JRS next year.

The schedule for the Joint Regional Seminar 2009 is as follows:

13-14 July, Kuala Lumpur (1.5 days)

15-16 July, Taipei (1.5 days)

17 July, Hong Kong, Renaissance Harbourview Hotel

20-21 July, Beijing (1.5 days)

This Seminar comprises two main parts:

(Provisional)

Opening sessions: Practical Overviews and Insights

- * Changing landscape of the insurance environment in Asia
- * Unlocking the potential in your regulatory and manage reports
- * The application of economic capital in Asia

Main Theme: Financial Reporting and Applications in Practice

Covering the following four areas: Actuarial Systems, Pricing, Economic Models and Investment Strategy

Save the date and plan to attend this Seminar! More details will be available in due course.

Message Board (Contributed by member)

Gingerbread Cookies (cooking time: about 40 minutes)

Ingredients

- | | |
|-----------------------------|-----------------------|
| 1 cup butter (softened) | 2 tsp baking soda |
| 1 1/2 cups white sugar | 2 tsp ground cinnamon |
| 1 egg | 1 tsp ground ginger |
| 1 1/2 tbsp orange zest | 1/2 tsp ground cloves |
| 2 tbsp dark corn syrup | 1/2 tsp salt |
| 3 cups plain flour (sifted) | |

1. Cream the butter and sugar until pale and fluffy
2. Add the egg and mix well
3. Mix in the orange peel and dark corn syrup
4. Add the flour, baking soda, cinnamon, ginger, ground cloves and salt, mixing to form a smooth dough
5. Divide the dough in half and wrap in plastic film, refrigerate for at least 30 minutes or until firm
6. Preheat oven to 190°C
7. Roll out the dough between sheets of non-stick baking paper to 5 mm thickness.
8. Cut out shapes with a gingerbread man cookie cutter
9. Place cookies on a baking tray lined with baking paper
10. Bake for 10-12 minutes in the preheated oven, until cookies are firm and lightly toasted on the edges
11. Place on a cake rack, cool then decorate



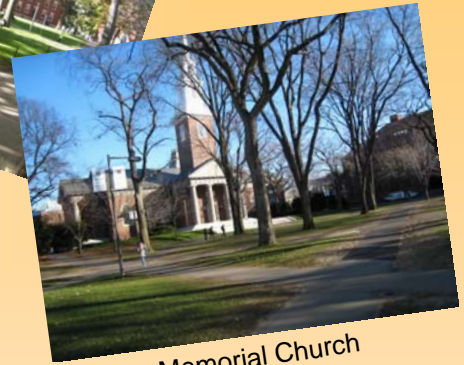


News in the Circle

It is back to school for Bronwyn Loong who is now studying in Boston. Let's enjoy these photos from her!



Bronwyn with her classmates



Memorial Church

FEB

18
Joint ASHK/
HKRSA
Luncheon
Meeting

19 - 22
Education &
Careers
Expo

MAR

2-3
SOA Equity-
Based
Insurance
Guarantees
Conference

16 (tbc)
ASHK
Luncheon
Meeting

23
SOA APC,
Hong Kong

26
SOA APC,
Beijing

27
China Seminar
on Risk &
Solvency
Management,
Beijing

JUL

13-21
Joint Regional
Seminar in
Asia

SEP

7-11 (tbc)
SOA ALM
Seminar,
Kuala Lumpur

OCT

12-15
15th EAAC,
Seoul

NOV

(tbc)
ASHK Annual
Dinner

(tbc)
ASHK
Appointed
Actuaries
Symposium

DEC

10
ASHK Annual
General
Meeting

2009
Upcoming Events

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Contributions to the ASHK Newsletter

We welcome members' contribution to the following sections of the ASHK Newsletter: Feature Article, Actuaries on the Move, Puzzle Corner and Message Board.

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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