

ASHK 2nd Appointed Actuaries Symposium

As members may recall, the ASHK organized a successful symposium for Appointed Actuaries last year. This year the Council has decided to have a second symposium and this is now confirmed to be held on 20 November 2002 at the Hong Kong Parkview.

This symposium will build on the output from last year's symposium and focus primarily on the following topics:

- AGN 3 Additional Guidance for Appointed Actuaries & AGN 8 Process for Determining Liabilities under the Guidance Note on Reserving Standards for Investment Guarantees as issued by the Office of the Commissioner of Insurance
- Risked-based Capital (Solvency Margin) and Dynamic Solvency Testing (DST)
- Proposed International Accounting Standards
- Life Assurance Illustrations and Policyholders Reasonable Expectations

We are delighted to have Mr. Benjamin Tang, Commissioner of Insurance, as our opening speaker and also to welcome Mr. August Chow, Assistant Commissioner of Insurance as our guest speaker. Invitation letters together with a tentative program schedule have been sent to insurance companies, reinsurers, consulting firms and Asian actuarial bodies. To date, 46 appointed actuaries, senior actuaries, consultants as well as representatives of Asian actuarial organizations have registered to attend the symposium. Similar to last year, we will be posting presentation materials on the ASHK website after the symposium.

Updates on Risk-based Capital (Solvency Margin) and Dynamic Solvency Testing (DST)

The ASHK circulated a set of guidelines on risk-based capital (solvency margin) and dynamic solvency testing to all members for comments in early July. A number of comments have been received from individual members. In general, these comments can be classified into three categories:

- Legitimate concern that should be addressed
- Queries seeking clarification
- Discussions about principles

The ASHK Life Insurance Committee has convened several meetings to discuss the comments received from members. Further discussion on this topic will take place at the 2nd Appointed Actuaries Symposium.

GN 9: Guidance Note on Actuarial Review of Insurance Liabilities in respect of Employees' Compensation and Motor Insurance Businesses

The ASHK has received from the Insurance Authority (IA) proposed amendments to GN 9 together with an explanatory note which has been reviewed by the ASHK General Insurance Committee. In principle, the ASHK has no objections or further comments on the proposed revisions contained within GN 9, but would like the IA to consider the issue of credibility of sub-division of risks. While the grouping of risks into sub-classes of business with similar characteristics is based on sound actuarial principles, the actuary should consider and discuss the credibility and homogeneity of the selected sub-classes in the review of the insurers' liabilities.

The Actuarial Society of Hong Kong NEWSLETTER

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Contributions

We welcome articles and letters. 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.

Revision to the SFC Code on Investment-linked Assurance Schemes (ILAS) – Illustration Document

Taking into consideration feedback received from various parties, including fellow regulators, the Securities and Futures Commission (SFC) has revised its Code requirement on the Illustration Document for ILAS. The SFC proposes to have the following changes:

- Lower the maximum assumed rate of return from 11% to 9% (per annum)
- Enlarge and print in capital letters the statement: THE ASSUMED RATES USED BELOW ARE FOR ILLUSTRATIVE PURPOSES. THEY ARE NEITHER GUARANTEED NOR BASED ON PAST PERFORMANCE. THE ACTUAL RETURN MAY BE DIFFERENT!
- Place a health warning, similar to that which appears on the illustration documents for Universal Life (Non-Linked) Policies
- Change the assumed rate of return from “net” to “gross”

In response, the ASHK supports the SFC’s initiative to make the illustration clearer and more meaningful to users. However, the ASHK indicated to the SFC that when the assumed rate of return is changed from “net” to “gross” basis, the annotation “before deduction of all fees and charges” might still be subject to interpretations. It is technically difficult for life assurance companies to exclude all charges made to the fund. The ASHK also suggested that the “gross rate” shall mean the rate of return before deduction of the fund management fee and best estimate of all fees and charges that are incidental to the investment activities such as brokerage fees. Moreover, all fees and charges that are not already reflected in the illustration should be disclosed.

Chinese Actuarial Examinations in Hong Kong

For the first time, Chinese actuarial examinations were held in Hong Kong. The ASHK would like to thank Department of Statistics & Actuarial Science of the University of Hong Kong for kindly offering an examination venue. This year, two candidates took Course 07 examination while one candidate sat for Course 08 examination.

Prior to the examinations, Mr. Dominic Lee gave a talk in July on the introduction to the Chinese actuarial examinations. Many attendees came up with questions in areas like the exemption gained from other actuarial professional examinations and the international recognition of Chinese actuarial examinations.

Given that China is committed to opening its insurance business to the outside world on a full scale after its accession to the World Trade Organization (WTO), demand for qualified actuaries in China’s insurance, social security and pension markets will be extremely high. On behalf of the China Insurance Regulatory Commission, the ASHK will continue to conduct Chinese actuarial examinations for candidates from Hong Kong, Taiwan and elsewhere who would like to practise in the Chinese market in the coming years.

Call for ASHK Evening Talk Topics

The first ASHK evening talk, held in August, was well attended. In the informal talk, Mr. Michael Sze shared his personal experience with attendees, first as a consulting pension actuary, and then as an international actuary. He also discussed what makes a good actuary, in particular, as an international consultant and what he has become involved with since his retirement.



The ASHK is planning to hold more regular evening talks in the future. The ASHK Education Committee would like to hear from you topics for such less-technical seminars. Recently the ASHK have received some suggested topics, mainly life insurance subjects for possible future evening talks. The topics are as follows:

- Asset Liability Management.
- Embedded Guarantee in Products and Their Valuation using Stochastic Modelling



- Alternative Distribution and Bancassurance
- Claims Administration
- Fair Value Accounting
- Profit Measurement - GAAP, Embedded Value Profit, RAROC, SHA/EVA, etc.
- Comparison of Overseas Regulatory Regime regarding Capital Adequacy, Product Approval, Distribution of Surplus, Investment Restriction, etc.

If you are interested in speaking on any of the above topics or would like to present on other issues in general insurance, retirement schemes and/or investment, kindly contact Ms. Patricia Kum or Ms. Sarah Hui via email (patkum@netvigator.com or actsoff@netvigator.com). These meetings can be in the form of debates, panel discussions or any other suitable form. We look forward to hearing from you.

To assist the Government's efforts in promoting women's participation in community and public service, the ASHK would like to encourage female members who are interested in contributing to the work of advisory and statutory bodies to reply to Ms. Patricia Kum or Ms. Sarah Hui via email (patkum@netvigator.com or actsoff@netvigator.com) by **15 November 2002**. The ASHK will then submit a list of names to the Government to enable Government to write and ask individuals to fill in a curriculum vitae form. Subject to their consent, their personal data will be entered into the Government database.

In addition, the ASHK Council election is coming up and nominations are invited. We currently have 2 women serving on the Council (only 16.7%). ASHK female members are encouraged to stand for election.

Women's Participation in Advisory and Statutory Bodies

The ASHK has recently received a request from the HKSAR Government Secretariat Home Affairs Bureau to encourage its female members to participate in the work of advisory and statutory bodies. Advisory bodies refer to boards and committees whose main function is to advise the Government on certain areas of work. Statutory bodies refer to public corporations, statutory authorities and other organizations established by legislation to perform certain public functions.

At present, there are about 600 advisory and statutory bodies dealing with a wide range of areas and subjects. The overall proportion of women serving on these advisory and statutory bodies stands at around 19% only. The Women's Commission, which was set up by the Government to promote the well being and interests of women in Hong Kong, has recommended that more efforts be made to enhance women's participation.

The Government maintains a database known as the Central Personality Index. This database contains the entries of persons who are serving or are prepared to serve on advisory and statutory bodies. Suitable candidates for appointment to advisory and statutory bodies are often identified from entries in the database. The personal data is maintained strictly in compliance with the provisions of the Personal Data (Privacy) Ordinance (Cap 486). Of the 20,000 entries in the Central Personality Index, only 4,000 entries are women.

HKSFA and ASHK Seminar on Hedge Funds

On Saturday 5 October, the Hong Kong Society of Financial Analysts (HKSFA) and ASHK co-hosted a seminar on hedge funds in Asia. Mr. Andrew Alexander, Chairman of ASHK Investment Committee was one of the speakers.

In this half-day seminar, the presentation included:

- An Overview of the Asian Hedge Fund Industry
- The Difference between Relative and Absolute Investing
- The Use of Hedge Funds as an Alternative Asset Class and How to Select and Evaluate Hedge Fund Managers

Following the above presentation, a panel of Hong Kong based hedge fund managers discussed how to run a hedge fund.

The response from members on the seminar was overwhelming. We believe quite a few members might have missed the seminar. All the above presentation materials and seminar photos are now available for viewing at the ASHK website under the News & Events page.



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The Actuarial Society of Hong Kong

N E W S L E T T E R

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Update of MPF Guidelines

The Management Board of the MPFA has recently endorsed the revised and new MPF guidelines (Revised: Guidelines: Guidelines I.7, II.1, III.4, IV.2, IV.4, IV.8, IV.11, IV.14, IV.17, IV.18 and IV.19; New Guidelines: Guidelines II.9, III.10 and IV.21). Members may wish to visit the MPFA website (www.mpfahk.org) to view the completed documents. ASHK has received a notice from the MPFA with a summary of the changes. For a copy of the documents, please contact the ASHK office.

ASHK Membership Update

New Members

The ASHK Council would like to extend the warmest welcome to the following new members whose applications have been approved by the Council.

Name	Status	Company
Alison BUNN	Fellow	Standard Life Assurance Company
Ching Chuen CHAN	Fellow	ING Life Insurance Co (Bermuda) Ltd
Regina CHE	Associate	Manulife Financial
Ricky Siu Hing TAM	Associate	Hong Kong Institute of Investors
Cathy Wai Kwan CHAN	Student	AIA Co Ltd
Johnny Yau Chi CHAN	Student	The Hong Kong Institute of Education
Amy Wai Man CHENG	Student	Caritas – Hong Kong
Billy Chung Leung CHENG	Student	--
Hei Lam CHOI	Student	Maunsell Consultants Asia Ltd
Michael Pak Cheung CHUNG	Student	Hong Kong Housing Authority
Wilton Wing Tao KEE	Student	ING Life Insurance Co (Bermuda) Ltd
Chee Chun WONG	Student	YesAsia.com (Hong Kong) Ltd
Jeffrey Ka Chun YEUNG	Student	GeneralCologne Re
Carrie Mee Fung YIP	Student	ING Life Insurance Co (Bermuda) Ltd

Change of Membership Status

The following member has changed his membership status.

Name	Updated Status	Company
Paul Kin Yan FUNG	Fellow	Manulife Financial

Members on the Move

FELLOWS

Brian Hung Ying CHIU

ING Life Insurance Co (Bermuda) Ltd
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308 Des Voeux Road Central
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Dick Kin Chung LEUNG

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STUDENT

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New Zealand Society of Actuaries Conference, 13-15 November 2002

The ASHK has been asked to bring to the attention of members the captioned conference which is to be held in Rotorua, New Zealand from 13-15 November.

Topics in both the traditional areas of actuarial involvement – life insurance and superannuation- and other areas such as general and health insurance and investment management will be well-covered in the conference. The plenary sessions will include:

- A panel discussion on the role of the Professional Advisor
- A session to discuss the past and future direction of the actuarial profession
- Updates from visiting overseas presidents

The concurrent sessions include a selection of presentations and discussions on a wide range of topics from ACC Privatization to Extreme Value Theory to Log Normal Distributions to NZ Mortality Investigations and more. Synopses of all these papers and speaker profiles will be available on the conference website: www.conference.co.nz/nzsa/index.htm.

As well as the technical programme, an excellent social programme (wine tasting, lakeview golf course, skyline skyrides, geothermal tour and white water rafting, etc) has also been organized that will provide plenty of opportunities for mixing and socializing with actuaries from all over the world.

For further information about the conference, please contact Peter Brown, Conference Organizing Committee (email: pbrown@royalsunalliance.co.nz) or Kim Gerard, Event Manager (email: kim@conference.co.nz).

2002/2003 Subscription Fees

ASHK subscriptions for the year October 2002 – September 2003 are due on 1 October 2002. This year the annual subscription fees and new member application fee remain unchanged and are as follows:

Subscription: HK\$1,200 for Fellow Members
HK\$720 for Associate Members; and
HK\$430 for Student Members.

New Member Application Fee: HK\$120

ASHK members will receive the subscription notice in November 2002.

Upcoming Events for Your Diary

Date	Event
11-12 Nov	SOA Associate Professionalism Course, Shanghai
12 Nov	SOA Associate Professionalism Course, Hong Kong
20 Nov	ASHK 2nd Appointed Actuaries Symposium Venue: Hong Kong Parkview, 88 Tai Tam Reservoir Road, Hong Kong
4 Dec	ASHK Annual General Meeting Venue: Ballroom, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong  Five existing Council members (Mr. Andrew Alexander, Mr. David Alexander, Mr. Kin-Chung Chan, Mr. Stuart Leckie and Mr. Kai-Lee Tse) are due for retirement at the end of this year and are eligible for re-election. The posts of the President, Vice President (President Elect) and 4 Council Members (or 5 Council Members if the President or Vice President (President Elect) is one of the non-retiring Council Members or 6 Council Members if both the President and Vice President (President Elect) are non-retiring Council Members) for 2003 will be opened for nomination and election at the Annual General Meeting. Members who are interested in serving the profession and the Council can discuss what is involved with any existing Council members. Please refer to the Notice of the 2002 Annual General Meeting for more details.
17 Dec (tbc)	ASHK Evening Talk Speaker: Dr. Harry Panjer, President of Society of Actuaries and co-speaker (tbc)
17-19 Dec	International Conference on Applied Statistics, Actuarial Science and Financial Mathematics
10 Jan 03	ASHK Luncheon Meeting Speaker: Mr. Jeremy Goford, President of Institute of Actuaries Topic: "What's happening?" covering regulation, education, communication and thinking & behaviour Venue: Plaza V, Lower Lobby, Novotel Century Hotel, 238 Jaffe Road, Wanchai, Hong Kong
15 Feb 03	HKRSA Seminar
20-23 Feb 03	Education & Careers Expo 2003 (The ASHK will be one of the exhibitors.)  Call for Volunteers: The Expo will an ideal chance to meet young talented potential recruits to the profession face-to-face, and to share your experience of being an actuary. Members who are interested in sharing your actuarial examination or working experience with the public and in answering enquiries from students at the Expo, please contact the ASHK Office.