



The 2001 Annual General Meeting

Members should note that the 2001 Annual General Meeting of ASHK will be held on Friday, 7 December 2001 at 12:00 noon at the Grand Ballroom, Ground Floor, Grand Hyatt Hotel, 1 Harbour Road, Wanchai, Hong Kong.

Mr. Herbert Chan, Mr. David Hughes, Mr. Michael Ross and Mr. Alan Tan will retire from the Council but are eligible for re-election. Mr. David Bell and Mr. Russel Lok have resigned from their positions during the year.

Mr. Andrew Alexander, Mr. David Alexander, Mr. Peter Lau, Mr. Stuart Leckie, Mr. Kai Lee Tse and Mr. Kin Chung Chan (as Immediate Past President) will continue to serve the Council in 2001/02. The posts of the President and 5 Council Members (or 6 Council members if the President elect is one of the non-retiring Council Members) for 2001/02 will be opened for nomination and election at the Annual General Meeting.

The nomination form for the election of President and Council Members will be distributed in mid November 2001. ASHK members are strongly encouraged to stand for election. The closing date for submission of nominations will be on 27 November 2001.

Seminar on Option-Pricing Theory and Investment Guarantees

Jointly organized by the ASHK and the Hong Kong Polytechnic University, a six-hour seminar on the captioned topics will be held on 8 December 2001. We are pleased to invite Professor Elias Shiu to be the speaker. Members who are interested in option-pricing theory and investment guarantees, but missed Professor Shiu's previous talk on 22 May should complete the attached registration form. Please note that the SOA has approved this seminar for 6 units of Professional Development credit.

ASHK Social 2001

It's time for ASHK members to relax and mix socially. As such, the ASHK is organizing a forum discussion on "Actuaries – Opportunities and Challenges in Hong Kong" with a Chinese banquet dinner to be held on Friday, 16 November 2001 at Golden Restaurant, Macau Jockey Club (HK) Clubhouse. The charge is HK\$300 per person. Guests are also welcome! For more details, kindly refer to the separate notice. The ASHK Council looks forward to your participation.

Prize Competitions in conjunction with ICA 2002

The ASHK has been asked to bring to the attention of members the following two special prize competitions being offered by the UK Institute and Faculty of Actuaries, in conjunction with the International Congress of Actuaries to be held in Cancun in March 2002. The response deadline is 30 November 2001.

Coping with Inflation and Deflation

As a result of a generous gift from a member of the profession, and in conjunction with the International Congress of Actuaries to take place in Cancun in March 2002, the Faculty and Institute of Actuaries are pleased to announce a special one-off competition for the best paper on the subject of "Coping with inflation and deflation. Prize money of £5,000 will be offered for the best two or three papers responding to the challenges posed in the terms of reference below.

The Actuarial Society of Hong Kong NEWSLETTER	
Volume 07/2001	1 November 2001
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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.	



Entries should be in English and of a minimum of 5,000 and maximum of 15,000 words. The competition is open to all members of the actuarial profession worldwide. Entries should be submitted to Pauline Simpson, Institute of Actuaries, Napier House, 4 Worcester Street, Oxford, OX1 2AW, U.K. by 30 November 2001.

At a time when inflation has come down to more modest levels than for many years, it is time for the actuarial profession to reflect on the lessons to be learned from periods of high inflation. How have actuarial methodologies evolved to cope with inflation? Have they evolved enough? Could we do more to ensure that financial systems can survive future periods of inflation - or deflation? Although we can point to some successes, we can also identify many failures, not only in respect of limitations of our methodologies but also in respect of the effectiveness of products offered by the financial industries which actuaries serve. What can actuaries do to better serve the public interest in respect of coping with changes in the value of money?

Defined benefit occupational pension schemes advised by actuaries struggled in an inflationary environment and probably hastened the trend towards defined contribution. Fixed annuities purchased with the proceeds of money purchase pension plans have not served plan-holders very well. Have some of the problems of low-cost endowment assurances resulted from poor design of products to repay loans in a period of changing inflationary pressures? How can bonus systems be developed to cope adequately with inflation and with changes in inflation? How can we ensure that products designed and sold today will meet policyholders' reasonable expectations if inflation takes off again or if we move into periods of deflation? What advice should actuaries be giving in countries where there is a high level of inflation? How can robust products for such environments be designed?

The judges will be looking for incisive analysis, sensitivity to public interest issues and innovative and practical proposals which will enhance the contribution of the actuarial profession to dealing with changes in the purchasing power of money.

Synergies of Pensions and Long-Term Care

As a result of a generous gift from a member of the profession, and in conjunction with the International Congress of Actuaries to take place in Cancun in March 2002, the Faculty and Institute of Actuaries are pleased to announce a special one-off competition for the best paper on one of the following subjects:

- The ageing population: a burden or benefit?
- Looking forward to retirement in comfort or penury?
- How would you advise the UK government as it addresses the challenges posed by the ageing population?
- Assess the UK government's response to the 1999 Royal Commission on Long Term Care and consider what further measures it could take.

Prize money of £5,000 will be offered for the best two or three papers responding to the challenges posed in the terms of reference below. The best papers may also be presented at the Health Care Conference in Edinburgh in January 2002.

Entries should be in English and of a minimum of 5,000 and maximum of 15,000 words. The competition is open to all members of the actuarial profession worldwide. Entries should be submitted to Pauline Simpson, Institute of Actuaries, Napier House, Worcester Street, Oxford OX1 2AW, U.K. by 30 November 2001.

With the ageing of the population, there will be an increasing demand for long-term care, for the provision and maintenance of residential and nursing accommodation for the elderly, for medical care and treatment. Occupational pension schemes and other pension products, such as personal pensions and stakeholder pensions, focus at present on the provision of level cash benefits in retirement (or benefits which increase in line with prices or approximately so), although in many cases with an element of insurance coverage, e.g. in respect of death and disability benefits.

How might innovative solutions be developed to enable pension funds to provide coverages relating to the medical and long-term care needs of pensioners and their dependants? Could the synergies of pension funds and long term care be exploited by using the investing capacity of pension funds to finance the development of appropriate care facilities which would be made available to scheme beneficiaries? What are the practical, fiscal and legislative obstacles to developing and implementing appropriate solutions and how might they be overcome? How might new products and structures be developed which would address the problems of financing long term care and the cash flow requirements of those who require long term care?

As the population ages there will be a substantial and important resource of people above formal retirement age but still able and willing to play an active role in



society. Should society re-engineer the whole concept of retirement?

Health and long-term care costs in retirement years can be very expensive. How can these best be financed?

The judges will be looking for incisive analysis, sensitivity to public interest issues and innovative and practical proposals which will enhance the contribution of the actuarial profession to problems of care for the elderly.

11th East Asian Actuarial Conference (EAAC) – We sought, we received and we conquered from Mr. Kin Chung Chan (ASHK President)

As the President of ASHK, I would like to express my sincere thanks to the organizing committee, the conference secretariat, the official publisher, the generous sponsors and all participants for making the 11th EAAC a tremendous success. Our success in the 11th EAAC has brought many compliments from the international actuarial profession and clearly highlighted the dynamism of the Hong Kong actuarial profession.

As a member of the organizing committee, I am overwhelmed by the joy of success. I have been privileged to witness a well-led committee at work. To that end, I salute Mr. Michael Ross for his friendly leadership.

As a Hong Kong actuary, I cannot help but be excited to see the recognition that EAAC has brought to our profession. Hong Kong is always an important gateway to the region, demonstrated by the number of regional offices in insurance. The latest development of WTO for China will allow Hong Kong to move further into a dual role as both the gateway for international companies operating in China and as a window for Chinese domestic companies to enhance their actuarial talent and expertise.

I will like to take this opportunity to thank our generous sponsors again. Without their support, it would not have been possible to organize an event of such significance.



Mr. Kin Chung Chan, ASHK President with the IAA globe, a gift to the ASHK.

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The Actuarial Society of Hong Kong

N E W S L E T T E R

Volume 07/2001

ASHK subscriptions for the year October 2001 – September 2002 were due on 1 October 2001. 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 2001. Kindly send payment to the ASHK office at the address below.

16 Nov	<p>ASHK Social 2001 (Forum Discussion on “Actuaries – Opportunities and Challenges in Hong Kong” with an Evening Social Gathering)</p> <p>Location: Golden Restaurant, Macau Jockey Club (HK) Clubhouse 1/F, East Wing, Shun Tak Centre 200 Connaught Road, Central Hong Kong</p>
7 Dec	<p>ASHK Annual General Meeting</p> <p>Location: Grand Ballroom, Ground Floor Grand Hyatt Hong Kong 1 Harbour Road, Wanchai Hong Kong</p>
8 Dec	<p>Talk on Option- Pricing Theory and Investment Guarantees</p> <p>Speaker: Prof. Elias Shiu, The University of Iowa and The Hong Kong Polytechnic University</p> <p>Location: Conference Room, 7/F Tower 1, HSBC Centre 1 Sham Mong Road, Kowloon Hong Kong</p>

Upcoming Events for Your Diary

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