

# The Actuarial Society of Hong Kong

## NEWSLETTER

Volume 03/2000

### *New Members*

The following new members have recently been approved by the Council.

Name	Status	Company
Irene Y Y TAM	A	Sun Life of Canada (International) Ltd
Man Yee WONG	S	AXA China Region Insurance Co Ltd
Eric Yu Hin HO	S	AXA China Region Insurance Co Ltd
Wing Yum LAI	S	AXA China Region Insurance Co Ltd
Kwan Leung LI	F	Zurich Financial Service
Lee TYRER	F	Zurich Financial Service
Allan AFFLECK	F	Woodrow Milliman Asia Ltd
Sai Kit WONG	S	AIA (Bermuda) Co Ltd
Iris Lai Hing CHEUNG	S	AIA (Bermuda) Co Ltd
Rosa Sau Yin CHUNG	S	AIA (Bermuda) Co Ltd
Simon Sau Man CHEUNG	S	Woodrow Milliman Asia
Chun Lun HO	S	Tillinghast-Towers Perrin
Yuk Ching TAM	S	Pacific Century Insurance Co
Daisy LAM	S	Pacific Century Insurance Co

### *Website of ASHK*

As mentioned in the last newsletter, the Society has commissioned a web-design company to create a website in the internet. The website is now ready and the address of our website is <http://www.actuaries.org.hk>

The following documents can be downloaded from our website:

1. Member's handbook
2. Professional Standards and Guidance Notes
3. Past issues of the ASHK newsletters

### *East Asian Actuarial Conference*

The EAAC committee has decided on the venue, date and theme for the 2001 EAAC.

These are

Date : 7<sup>th</sup> to 10<sup>th</sup> October 2001  
Venue : Kowloon Shangri-La Hotel  
Theme : "Go Global"

This committee hopes that the theme will act as a common thread through many of the papers to be presented and the workshops. Workshops are aimed at trainee actuaries and those actuaries for whom the workshop topic is not their main area of specialisation.

### *Papers*

Life : Product Development  
: Financial Reporting - US GAAP or Value Added?  
: The Capital Management Imperative  
: Towards Asia-Specific Experience  
Health : Is the Third Market coming of age?  
Non-Life : New Methods of Risk Transfer  
: New Techniques.  
Life insurance : New Distribution Channels - Threat or Opportunity?  
: Product Development from Niche Markets.  
Corporate : Corporate Activity  
Pension : Defined Contributions versus Defined Benefits  
: Public versus Private Pensions.  
Investment : Actuaries Moving to the Asset Side  
Wider fields : The Actuary beyond Insurance  
Other : The Profession in Asia - Taking Stock

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### *Workshops*

Life : Product Development.  
Financial Reporting.

Further workshops may be scheduled, depending on the availability of presenters.

We are now calling for papers or workshop presenters. Please consider this, so as to make the HK conference a success. If you are willing to present a paper or present in a workshop, then please E-mail or fax an abstract of your presentation to the ASHK office.

### *Professionalism Committee*

The next stage in building a robust professional body is to introduce and implement Continuing Professional Development Standards.

Continuing Professional Development (CPD) is defined as the maintenance, improvement and broadening of knowledge and skill and the development of the personal qualities necessary for the execution of professional and associated technical duties throughout an individual's working life.

It is very much in the interest of the public and government in Hong Kong that actuarial advice is soundly based and that actuaries are fully informed and properly developed as professional individuals. The profession cannot maintain (or hope to extend) its statutory and other 'public' roles unless it is fully committed to CPD and seen to be so. This is especially important when many other professions (including several in the insurance and financial services industries) already have effective schemes operating in Hong Kong.

The Professional Matters Committee is now commencing work on defining recommended CPD standards for the Actuarial Society of Hong Kong.

### *Health Committee*

In the US, healthcare is HUGE and actuaries play a very significant role. In Asia the health insurance / managed care explosion is starting to happen and actuaries who get involved now will be handsomely rewarded. This should be more than enough incentive for younger actuaries looking for a speciality; or older actuaries looking for a new career direction.

The Committee has been trying to round up some people for the health committee. If you are interested in getting involved with this emerging issue, please contact Tim Andrews at 2890 5222 or email him at [Atlas.Lo@Trowbridge.com.au](mailto:Atlas.Lo@Trowbridge.com.au)

### *Chinese banquet dinner for ASHK members in December*

We are in the process of organizing an ASHK members' dinner and details are to be announced. Our goal is to organize a social gathering which is fun, full of excitement and interesting. In order to make this happen, we are looking for individuals who are interested to join the organizing committee. For those who are interested in becoming an organizing committee member, please contact Mr. Herbert Chan by phone on 2867 4572 or by e-mail at : [herbert\\_chan@hongkong.com](mailto:herbert_chan@hongkong.com)

### *1999/2000 Subscription Fee Reminder*

ASHK members who have not paid the current year membership subscription fee are reminded to send your payment (Student Member: \$430, Associate Member: \$720, Fellow Member: \$1,200) immediately to the ASHK office at

1806 Tower One,  
Lippo Centre,  
89 Queensway,  
Hong Kong.

If payment is not received by 15 Oct 2000, your membership will automatically be cancelled.

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### *News from Institute and Faculty of Actuaries*

#### SPECIAL PRIZE COMPETITION

#### *SYNERGIES OF PENSIONS AND LONG-TERM CARE*

As a result of a generous gift from a member of the profession, the Faculty and Institute of Actuaries are pleased to announce a special one-off competition for the best paper on the subject of "Synergies of pensions and long-term care". 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.

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, UK by 31 December 2000.

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?

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.

#### *COPING WITH INFLATION AND DEFLATION*

As a result of a generous gift from a member of the profession, 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.

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, UK by 31 December 2000.

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*

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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 our 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.

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