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An Update on Actuarial Activities in Asia

by Patricia Kum, Coordinator of Asian Services

As Hong Kong gears up for the December 1, 2000, implementation of the compulsory Mandatory Provident Fund (MPF), the SOA China Region Committee (CRC) and the Actuarial Society of Hong Kong (ASHK) together organized a one-day seminar to shed some light on “the Impact of MPF on Hong Kong’s Financial Services Industry” on April 11, 2000. Insurance and consulting actuaries, economists, service providers, investment managers, regulators, and government policymakers were invited to speak at this seminar that attracted 86 actuaries and practitioners. It was also the aim of the CRC to assist SOA students in Asia gain credit for the Professional Development program. The seminar qualified for six units of SOA PD credit.

Seminars

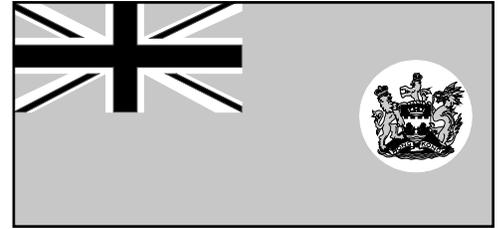
Stuart Leckie, immediate past president of ASHK, addressed the audience in an opening speech with an overview of MPF. He highlighted the need for pension provision, the current world trend and

provided some insights on how the other countries (U.S., U.K., Australia, and Singapore) are tackling the aging population problem. Ian Perkin, chief economist of the Hong Kong General Chamber of Commerce, spoke on MPF’s economic impact. Believing that significant economic effects existed but were manageable, Perkin said there was a need to handle employee/er concerns and the “real” and psychological impacts. There will be winners and losers now, but in the longer term there will be more winners — employees gain some retirement funding and employers protect employees’ loyalty. The economy will ultimately benefit.

William Wong, assistant vice president, MPF Financial from Manulife International; Estella Chiu, chief actuary at HSBC Life Group; and Desmond Chan, vice president & regional pension director of American International Assurance, covered MPF from the service providers’ point of view. Their segment included the impact of MPF/ORSO interface, master trusts and industry schemes, implications of MPF features, risks and benefits on top of MPF, actuaries’ role in MPF, and marketing issues and educating consumers.

Raymond Tam, executive director, Service Supervision of the Mandatory Provident Fund Authority, touched on the current development of the MPF system and the future regulatory development. A panel formed by the morning speakers and chaired by Stuart Leckie discussed the actuarial impact of MPF.

Speaking on the impact of MPF on the life insurance industry, Kin-Chung Chan, chairman of the SOA China Region Committee and director of



Marketing and Operations at CMG Asia Life, shared with the audience his views on the consequences on companies’ life insurance product portfolio and profitability, the effect on agents and sales methods, and the opportunities and challenges for actuaries working in a mandatory scheme environment. Lindsay Mann, chief executive officer at AXA Investment Managers, covered the subject of the impact of MPF on investment managers. He believed there would be a convergence of institutional and retail business — “instividual” business, and there would be a greater concentration of control of Hong Kong assets in the hands of investment managers in the long run.

The seminar closed with an afternoon panel discussion led by Bernard Chan, legislative councilor of the Hong Kong SAR government, to discuss the lessons Hong Kong’s financial services could learn from other countries’ experiences with MPF. The panelists included Lindsay Mann, Kin-Chung Chan, and Michael Button, who is a managing director at Watson Wyatt. We would like to thank all the speakers and moderators for their generous time in preparing for the seminar and the participants for their enthusiastic support in helping to make the seminar a great success.

I am also pleased to report that local actuarial bodies, companies, and universities in Asia have taken the initiative to apply to the SOA for PD

credit status for some of the actuarial programs and seminars they have organized in Asia. The Actuarial Institute of the Republic of China Conference, held late last year, was approved as eligible for 10 units of SOA PD credit. Recently, two in-house programs sponsored by Swiss Re Life and Health, "Financial Underwriting — An Asian Perspective" and "Insurance Distribution and the Internet: Insurance Company's Perspective" received SOA-approved eligibility status for PD. Each program qualified for four units of PD credit. The Sino-French Institute of Applied Mathematics (ISFMA) Symposium on Actuarial Science — Theory and Practice at Fudan University held from July 31-August 5 received SOA-approved eligibility status for PD.

The professional development candidates who attended the entire program will be eligible for 15 units of PD credit if the material is appropriate for their plans. A two-day intensive seminar in Hong Kong on "Actuarial Applications of Markov Chains" has been organized by The Actuarial Society of Hong Kong, Hong Kong University, and ASTIN.

Approved for 15 units of SOA PD credit, this seminar is instructed by Professor Jean Lemaire, chairman of the Insurance and Risk Management Department of the Wharton School, University of Pennsylvania.

For the benefit of SOA members, it is hoped that more

companies and actuarial bodies and institutions in Asia will follow suit.

With the aim to meet the needs of SOA members in Asia, the SOA will for the first time organize Course 7 closer to home, in Hong Kong. Scheduled for August 28-31, the course will be held at the University of Hong Kong. SOA has plans to assess the need and interest for APC and FAC to be held in Asia in the future. Another event to note is the SOA Professional Development Program Update by August Chow, an SOA PD Committee member, on September 4 in Hong Kong. As his last talk in Hong Kong on PD matters was in April 1999, he will discuss the latest changes to the SOA PD program and share some of the observations and experience on the SOA PD programs previously submitted by students in the hope that students and advisors can better prepare for the program.

President meets members in Asia

Meetings with various SOA member groups, local actuarial bodies, and government bodies have been set up for SOA President Norman Crowder when he travels to Asia from August 28-

September 8. His trip will cover Singapore, Malaysia, Taiwan, Hong Kong, Beijing, Tianjin, and Shanghai. Speaking on a hot topic in Asia, "Risk Based Capital," President Crowder will update members on SOA's Big Tent development and major SOA initiatives in progress. In China,

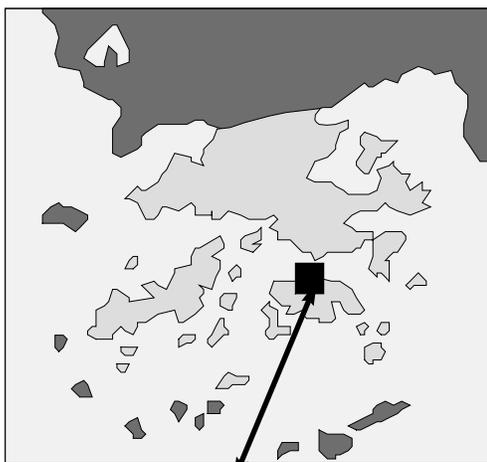
he is expected to meet officials from the

China Insurance Regulatory Commission, the China Ministry of Labour, and Social Security to discuss recent actuarial developments in China and to offer SOA's continued assistance on the development of their actuarial association and profession.

Nankai Conference

Nankai University will establish a Risk Management and Actuarial Research Centre in September this year with the support of the SOA, CMG Asia, Sun Life Assurance of Canada, and Swiss Re Life and Health. To mark this milestone, a conference on risk management and actuarial research is being organized by Nankai University and CRC from September 7-8 in Tianjin. The professional goals of the research centre are not only to accelerate the development of Chinese actuarial education, but also to intensify the exchange between Chinese and international actuarial circles. President Crowder will officiate at the opening ceremony and give a keynote speech. A representative from the China Insurance Regulatory Commission has been invited to give a congratulatory note address. The two-day conference will feature both international and local expert speakers. Catherine Prime, Stuart Wason, Yuan Chang, Allan Affleck, Li Zhenghuai, and Fu Anping cover topics such as "Risks and Risk Management in the Insurance Industry," "Insurance Product Development," "Insurance Regulation and Supervision," and "Pension Planning." The organizers intend to apply to the SOA for PD status for the conference.

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Hong Kong