SOCIETY OF ACTUARIES

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The Equation for Success
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the GDP, Table 3 presents a great opportunity for today and the future.

As shown in Figure 1, if we place the countries on the industry life cycle, there are many years of future growth for Southeast Asian countries.

Many companies are already taking advantage of these opportunities, as there have been a number of new entrants into the Asian markets in recent years.

The career-agent system is the system of choice for distribution. In Asia, 50% of agents are part-time and at least 50% are women. There has been limited penetration with other channels, such as brokerage, bancassurance, work site, and direct response.

Traditional products, such as whole life, endowments, and term products are dominant in the region, with some sprinkling of variable life and universal life. Other products include specialty package savings products (marriage, children) and personal accident/indemnity. There is limited group coverage. Core products also come with such riders as par riders on nonpar products, critical illness riders, and hospital indemnity. Some wrinkles to traditional products include "anticipated endowments" contracts, with 5–10% of

FIGURE 1
Southeast Asia Industry Life Cycle
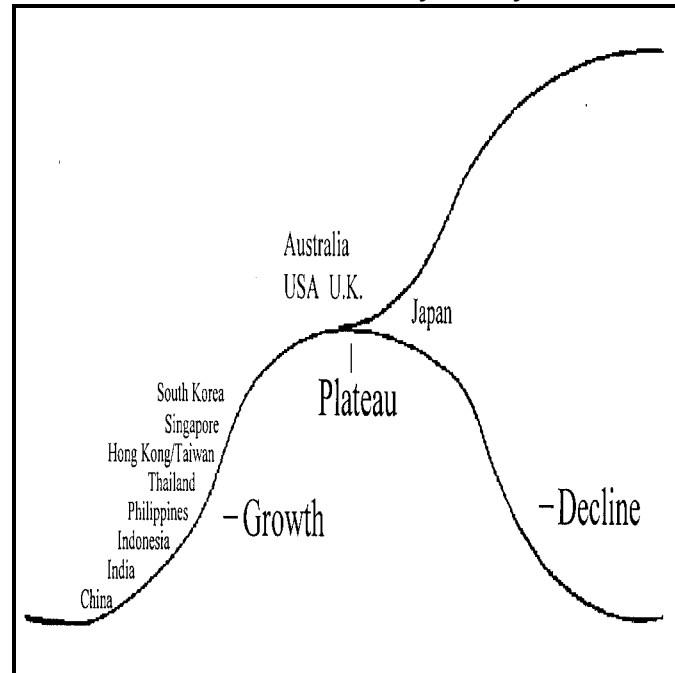
the face returned every three years and a total return in 20 to 25 years. We have also seen a rise in equity- or unit-linked products, based on the maturity of stock markets—Singapore, Malaysia, Hong Kong. Side funds are stock-indexed regional.

I truly believe there is an opportunity for creative and value-added product development and, in doing so, changing the value-added proposition with customers in each country with the quality of product offerings, services, and distribution.

International Actuarial Workshop Held in China

by John Zhang

An international actuarial workshop was held in Guangzhou, China on June 3–5, 1998. Actuaries and participants from more than ten insurance companies and scholars from Beijing University, Zhongshan University, Jinan University, Boston University, Indiana University of Pennsylvania (IUP), and the SOA attended the meeting. At the meeting, participants examined the current business environment in China and studied the role, functions, and future directions of actuaries and actuarial science in China. Issues examined included: how to educate actuaries for the needs of future Chinese business development; the functions and structures of an actuarial academic program; the conditions necessary for the existence of

actuarial firms in China and their possible structures.

The meeting promoted communications between academia and industry in actuarial science and provided our Chinese colleagues up-to-date information about actuarial science. As a result of the meeting, participants have a better understanding of how to use actuarial science in Chinese insurance companies and a better understanding of the future of actuaries in China—which is, perhaps, the biggest future commercial market in the world. After a lengthy discussion, participants estimated that it would take from three to five years for China to have demand sufficient to support actuarial firms. The key criteria considered include the enactment of laws favorable to the development of actuarial business, the privatization of the health

care system, and the growth in competition for qualified personnel that would be generated by business development.

The meeting was organized by Dr. John Zhang, an assistant professor of mathematics at IUP, with the support of a China Bridge International (CBI) fellowship and SOA Asia subcommittee. The People's Insurance (Life) Company of China, Ltd. (PICC) Guangdong Branch and the mathematics department of Zhongshan University co-hosted the meeting. John Eng, a Fellow of the SOA, attended and gave a short course at the meeting. The organizer wants to thank James W. Grosheider of Towers Perrin, Rachel L. Gilmore of Buck Consultants, and Tom Fagan of Blue Cross and Blue Shield of West Pennsylvania for their information and help.