



SOCIETY OF ACTUARIES

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## Actuaries in Malaysia

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### What Our Actuaries Do

Eleven of our 18 Fellows and Associates work in life insurance companies; four are in consulting firms; one is in government, and two are in other fields. The responsibilities of life company actuaries correspond to those that are common elsewhere, including statistical research, construction of tables and product design as well as premium and dividend calculation, but actuaries are involved also in investments and company management. The three actuarial consulting firms in Malaysia provide a variety of actuarial services for private retirement systems, and also do job evaluation and salary scales, trust fund administration, and consulting services to the government Employees' Provident Fund, government pension plans, and life companies that have no qualified actuary.

### Actuarial Society of Malaysia

A professional body, the Actuarial Society of Malaysia, with its registered office in Kuala Lumpur, was formed in 1978, and now has about 50 members. In addition to promoting study, discussion, publication and research within the profession, assisting students in their actuarial studies, and developing social relationships, this Society has contributed much in the form of submission to Government on retirement plans, revising the Insurance Act, and budget dialogues with the Ministry of Finance. Currently the Society is undertaking to compile a Malaysian Director-General of Insurance mortality table based on recent experience among assured lives.

In June 1981, our Actuarial Society organized its first international actuarial seminar, attended by participants from countries like Asean, Taiwan, Japan, United Kingdom and Australia. Views and ideas on actuarial practices, the role of actuaries in public service, and employee benefit practices in the Far East, were exchanged.

In summary, it can be said that though the number of actuaries in Malaysia is small, their contribution to society is as significant as that of their colleagues in other lands. □

## PROPOSALS IN CANADA FOR TAXING POLICYHOLDERS

by Robert Blane

Friday, November 13th, 1981 was not a happy day for life insurance people in Canada!

One day previously, the Federal Finance Minister had introduced a budget proposing major tax reforms, several of which would seriously affect our industry. Many of these, initially, were to apply retroactively as well as prospectively. It had not been customary to present such sweeping changes without adequate public discussion, and their retroactivity was unwarranted.

### The Proposals

The main taxation proposals affecting holders of life insurance and deferred annuity policies are:

(1) On life insurance policies issued, and deferred annuities acquired, after November 12, 1981 policyholders would be taxed every three years on the "accrued investment income." This would apply also to annuities previously acquired.

(2) On disposition of policies after November 12, 1981, the insurance element of the premiums paid would be excluded in determining the policy's adjusted cost basis. (Originally it was proposed that this apply to existing policies also.) The tax would be on the excess of the surrender value over the investment portion of the premiums.

(3) Life insurance policies not registered as retirement savings plans issued after November 12, 1981 would be taxed at the insured's death on the excess of the cash surrender value over the policy's adjusted cost basis. The budget papers were not clear whether the tax already paid on accrued investment income would be taken into account as an offset.

(4) Partial surrenders of life and annuity policies after November 12, 1981 would be regarded as part capital (nontaxable) and part income (taxable).

The budget papers gave no guidance on basic matters such as how "accrued investment income" was to be determined. They contained other proposals affecting our industry, one being that employees be taxed on employer contributions to medical and dental plans. □

### Deaths

John J. Elliott, A.S.A. 1978

Marcus Gunn, F.S.A. 1920

Elder A. Porter, F.S.A. 1922

### ENQUIRY COMING!

Though dwarfed by many other professional bodies, the Society has more than compensated through our strong committee structure. Our volunteers have devoted many unselfish hours to committee work and, in the process, have created what we have today—a vigorous organization. Sustaining that vigor depends on you—our members—your interests, your needs, your willingness to become a part of the Society's decision process through its committees.

To learn more about what you can do for the Society, and what the Society can do for you, the Committee on Professional Development is about to survey all members. Your survey responses, stored in our computerized data base, will be a source for the Officers and Committee Chairmen to use when committee vacancies develop or new committees are being formed.

You will receive your questionnaire this spring. Please take the time to respond. You will be helping to ensure the continued growth and development of our organization and its committee structure.

Linda M. Delgadillo

Director of Communications

### Where The Matter Stands

By December 18, 1981, after separate representations by the Canadian Life and Health Insurance Association and the Life Underwriters Association of Canada, the retroactive application of Item 2 above was withdrawn, and other changes were announced. The Minister proposed that Item 1 above for life insurance policies be referred to a Parliamentary Sub-Committee. It since appears that whole life policies that clearly are for protection rather than investment may be exempted. Discussions continue. □