



SOCIETY OF ACTUARIES

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1997 Hong Kong Ambassador's Report

by Dominic Lee

As of July 1, 1997, Hong Kong's sovereignty reverted to China. Hong Kong and China are now one entity under the "one country, two systems" policy. Hence, the distinction between Hong Kong and China has become blurred.

In anticipation of this change, my work in the past several years has mainly focused on China. On the other hand, given that the level of actuarial development in Hong Kong is much more advanced than that in China, I see the justification for my action plans.

Following are some of the activities in which I have gotten involved, in an attempt to fulfill my role as an ambassador of the SOA.

In 1993, the American International Company (AIA) obtained a license to operate in Shanghai. At that time, we had one staff person who had the background to attempt to enter the actuarial professional. To fulfill the pledge given to the Chinese government that AIA would strive to promote actuarial science in China, I applied to the SOA to set up an examination center in Shanghai, in anticipation that there would be an increasing number of students taking the SOA examinations through the AIA's promotion. After approval by the examination center, I wrote to the insurance regulatory body, the People's Bank of China (PBOC), and the largest insurance company in China, the People's Insurance Company of China (PICC), to invite them to send students to take the SOA examinations. However, there was no reply from these organizations. Hence, in the first examination conducted in November 1993, there was only one candidate—the one from AIA.

Because those in the regulatory body and those in the insurance industry did not have a keen interest in taking SOA exams, I switched my focus to the students in the universities. In 1994, AIA teamed up with Fudan University in Shanghai to set up the AIA-Fudan Actuarial Center. Two supervisory positions were established for this center, one from AIA and one from Fudan University I acted as the supervisor from AIA. Courses were given to the students on SOA associateship exam subjects free of charge. Students enrolling in these courses would have their examination fees reimbursed on passing the exams. AIA

was responsible for financing and Fudan University was responsible for teaching.

The students performed very well on the SOA exams. The passing rates were consistently higher than 90%, with several students being awarded prizes for their outstanding performance in Course 100. Before 1993, there had been no one in Shanghai who had passed or was planning to take SOA exams. Now there are more than 100 students taking exams, with more than 20 people attaining 200 credits (equivalent to the ASA in the old system) or more.

To encourage students to continue their education after securing 200 credits, AIA has announced that it would continue to grant reimbursement of examination fees for the fellowship courses for those subjects that are passed.

This year, to cope with the demand for assistance and sponsorship from students outside Shanghai, the AIA-Fudan Actuarial Center expanded its program to include a correspondence course for these students.

In 1995, AIA was given another licence to operate in Guangzhou. Given its successful experience in Shanghai, AIA applied to the SOA to set up another examination center there. So far, two examinations have been conducted. There were approximately 30 students taking examinations and five of them were awarded the cash prize for their good performance in Course 100.

In 1996, I enrolled in the Education Subcommittee of the Actuarial Society of Hong Kong. Ideas were discussed to organize actuarial seminars or talks in Hong Kong that would satisfy the SOA standard for granting credits to those participating candidates under the new curriculum that will become effective in the year 2000.

In 1996, under the leadership of Yuan Chang, a Vice President of the SOA, the Asia Committee was set up in Hong Kong with the objective of promoting actuarial education in the Far East, especially China, and also the presence of the SOA. I participated in this committee as the Chairperson for the Education Subcommittee. Action plans have been drafted to fulfill this goal. These include

donations of actuarial examination textbooks and study materials to universities, the sponsorship of examination fees for students, and the arrangement of professors in universities teaching actuarial courses to go to Hong Kong insurance companies for internships. The committee is awaiting approval from the SOA to allocate funds to finance these projects.

In spring 1997, at the request of the university, I visited Ke Ji University in He Fei. This university has expressed keen interest in having its students take SOA exams. The problem is that students will find the examination fees prohibitive. Also, they lack the funds to purchase the textbooks and study materials. I have advanced \$2,000 (U.S.) for this purpose so as to enable 11 students from this university to take the Spring SOA exams at the Shanghai examination cen-

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ter. I plan to get reimbursement of this money either through the SOA or from the education fund set up by my company. The results achieved by these students are remarkable: two of them won the \$200 (U.S.) Prize for their excellent performance in the Course 100 exam.

In September 1997, I applied to the SOA to set up another examination center in He Fei because the number of students taking examination in that city is likely to increase. As before, I have promised to finance the students' exam fees on the condition that they pass the examinations.

In June 1997, Dave Holland, the President of the SOA, and several ex-Presidents of the SOA, took a trip to China, visiting Tian Jin, Beijing, and

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Shanghai. Their activities included officiating at the contract-signing ceremony in Tian Jin and delivering talks at an actuarial seminar in Shanghai. I went to Tian Jin and Shanghai to meet with Dave Holland to show my support of his activities in China. At the actuarial seminar in Shanghai, Dave Holland, Yuan Chang, and I chaired a discussion session. Dur-

ing his stay in Shanghai, the AIA also provided logistic support.

In September 1997, Howard Bolnick visited Hong Kong. He encouraged the Asia Committee to promote actuarial education and to expand the presence of the SOA in the Far East, especially in China. I, as the Ambassador to Hong Kong and a member of the Asia Committee, will plan

my future activities in accordance with Mr. Bolnick's guidelines.

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Korea Ambassador's Report—June 1997

by Stephan Rajotte

The SOA members in Korea (total of 14) have met on a bi-monthly basis since the beginning of this year. The average number of attendees has been eight members. The discussions are mostly social and about recent happenings in the insurance industry.

- At the last meeting, I did a verbal survey of members requesting them to suggest activities, events, and other ideas where the SOA can provide support in Korea. The response was that not much else can be done due to the language situation in Korea.
- Jack Taylor (Prudential) suggested organizing a seminar for government actuaries sponsored by the SOA and consulting firms. The purpose would be to "train" local actuaries on new products, reserves, and solvency issues in North America. Jack and I have not had time to pursue this idea further. We would be interested in receiving SOA support with this activity.
- I made a presentation to the annual meeting of the Korean Association of Actuaries. About 200 people were present. Following my presentation, the president of the Association asked me (and the SOA if possible) for

support in planning the organization of the Asian Actuarial Society bi-annual meeting in 1999, which will be held in Seoul.

- I believe this meeting, even though still far away, could be a good opportunity for the Society of Actuaries to show good support to the development of Asia's Society of Actuaries.
- During my presentation, I emphasized the importance of joining the SOA through correspondence status.
- We also administered for the first time CAS exams in Korea this year. The non-life industry is also very important in Korea.
- The main priorities will be:
 - To continue supporting existing members to share ideas through informal meetings,
 - To continue administration of exams
 - To consider a seminar focused on product development and solvency issues.

Status of Industry— Summary of Current Issues

- Solvency continues to be on the top of the agenda.

- The Financial Reform Committee is planning to bring down many "walls" between financial institutions, that is, banks, securities, and insurance (life and non-life companies).
- An important "power" struggle is going on between different regulatory bodies. At this time, we cannot predict the final outcome. The only certainty is that there will be some changes.
- Many believe that President Kim has lost power to make meaningful changes and that real changes will be made following the election of a new president in late 1997.
- The government is mentioning that it may approve more liberalization in product development in 1998. Independent agency systems will be allowed in April 1998.
- The government is showing strong signs of impatience with regard to lax management of insurance companies and lack of improvement of the solvency problems. Mergers and acquisitions are now openly encouraged by the government.

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