

I. The Role of the Singapore Actuarial Society

1. Overview

Until about 10 years ago, the Society was more a social society than a true professional body, however that has changed rapidly over the last 10 years, culminating in the recent legislative changes making being a Fellow of the Society a regulatory requirement for Appointed Actuary (Life Insurance) and Recognised Actuary (General Insurance). In addition, the Society obtained full membership of the International Actuarial Association in 2003.

It should be noted, however, that the Society does not have its own examinations and hence all Fellows must be Fellows by examination of one of the six Recognised Actuarial Associations:-

1. Institute of Actuaries, England
2. Faculty of Actuaries, Scotland
3. Society of Actuaries, North America
4. Institute of Actuaries of Australia
5. Canadian Institute of Actuaries
6. Casualty Actuarial Society, USA

As such members are also regulated by their parent examination body. Action taken by a member's parent body would lead to follow up action locally.

2. Regulatory

The Society regulates its members as individuals and does not regulate consulting firms or partnerships nor life companies.

The regulation consists of a Code of Professional Conduct and about to be introduced Guidance Notes on Actuarial Practice. These are enforced through the Disciplinary Scheme which has the power to deprecate the conduct of the member, suspend him, call upon him to resign or expel him.

There are currently two Guidance Notes that are in the final stages of consultation and will be issued in the next few months, one governing the role of the Appointed Actuary, and the other the assessment of the adequacy of general insurance reserves.

There is an agreed due process for issuing new Guidance Notes which includes a period of exposure to members and approval by 2/3rd of members at a general meeting called to approve it.

The disciplinary procedure has three phases. The first phase is for the Council to decide if further action is required, if appropriate, the next stage is the appointment of an investigating body of 5 members to investigate the case and, if they deem appropriate, the

case is then referred to a tribunal. The tribunal consists of 5 members all different from the Investigating Committee. Of the 5 members of the tribunal, 3 must be members of the Society and 2 non members. A quorum is 3 including at least one non member. There is a final Appeals Board. This consists of people: 2 members of the Society and a Chairman who must be a member of the legal profession or judiciary.

The procedure can be invoked either by a specific complaint by anyone even if not an aggrieved party, or by the Council itself in the public interest.

So far, this disciplinary procedure which was implemented in 2002 has not been called upon.

3. Education

The Society relies primarily on the education schemes of the above mentioned six Recognised Actuarial Associations. In conjunction with the recent statutory requirement to be a Fellow of the Society, the Society is introducing a scheme of study to introduce the Singapore Regulatory, Economic and Operating environment to those applying to be Fellows. Initially, this will be non examinable but this will be kept under review.

4. Co-operation

The Society works closely with other bodies, from the public and private sectors and, in particular, regulators and industry bodies.

The regulator (the Monetary Authority of Singapore, MAS) coordinates several industry work groups to look at various issues around regulatory developments. Where relevant, the Society has representatives on these work groups. Recently completed and ongoing work groups include those looking into:-

- a) Revising the regulatory frame work and reserving requirements for health insurance
- b) Introduction of risk based capital for life and general insurance companies
- c) Review of the management and disclosure requirements of with profit business

The Society is also one of 14 professional societies who were asked by the government to put forward members to fulfil the role of Nominated Member of Parliament. These are 9 NMP's who sit in Parliament based on their skills and representing specific segments of the community, e.g. professions, rather than by election.

In addition, the local industry body, the Life Assurance Association (LIA), has an Atuarial Subcommittee responsible for actuarial matters.

The work on the introduction of risk based capital has also led to close co-operation with representatives from the local accounting profession.

In 2003, the Society become a full member of the International Actuarial Association and now has an opportunity to voice its views in the international actuarial community.

The Society also has members tasked with developing and co-ordinating relations with other regional actuarial societies, specifically Malaysia and India.

5. Innovation

The Society encourages innovation. To assist in this it holds approximately bi-monthly seminars where a presentation and discussion is held on topics of actuarial interest. These can be local, regional or global issues.

Recent discussions include:-

- a. Regional dread disease experience
- b. The impact and potential of SARS and SARS types epidemics
- c. The future of the profession
- d. Asset- Liability Management

The Society also plays a key part in the East Asian Actuarial Conference. This is a bi-annual conference involving members from Singapore, Hong Kong, Thailand, Indonesia, Philippines, Korea, Taiwan, China and Japan. Singapore members have traditionally contributed a number of papers disproportionate to the size of the Society.

The Society also carries out specific research activity. To date this has concentrated on mortality investigations and the Society has recently published a mortality table based on Singapore assured lives data.

6. Promotion and External Relations

The Society seeks to promote the actuarial profession as whole and does not promote any individual members or firms. Elected officers of the Society, for example, cannot use their titles in promoting their own professional services.

To date, most promotion has concentrated on attracting new member via presentations at schools and universities. However, increasingly recently, we have also looked at raising the awareness of the profession to the general public through the use of profiles on some actuaries in the national press.

The employment of actuaries in Singapore is still restricted to primarily life insurers, reinsurers and consultants. The profession is looking at ways to increase the general

awareness of actuaries to try to increase the areas of their involvement. In particular, the use of actuaries in general insurance lags significantly behind that of the US and the UK.

7. Community and Companionship

Being a relatively small society with only 200 members of which 72 are Fellows the commodity and companionship are strong.

Particular events that promote this are the regular seminars mentioned above, and the social events organised throughout the year.

8. Governance and Infrastructure

The Society is run on a day to day basis by the Council. This consists of between 7 and 10 members including one ex officio member (the Immediate Past President).

The key posts being:-

The President

The Vice President

The Honorary Secretary

The Honorary Treasurer

In addition, the Society employs one part time staff member to carry out day to day secretarial services and keep the accounts.

The Council has also established a number of Committees, namely:-

Life Insurance

General Insurance

Health Insurance

Membership

Administration

In addition, the Council appoints Work Groups from time to time to conduct specific projects, like the mortality study.

The Council is elected annually at the annual general meeting. This includes direct election by the membership of the key executive posts. All members are elected for a term of only one year but are eligible for immediate re-election.

Only Fellows and Associates can vote at the AGM and only Fellows can stand for Council.

Attached is a copy of the accounts for 2003.

II. Role of Actuaries in Singapore: Life Insurance

1. Overview

Out of the 72 Fellow members of the Singapore Actuarial Society, 60 are resident in Singapore, and of these, approximately 50 are involved in the life insurance sector. These actuaries are engaged primarily by direct insurers, reinsurers, consulting firms and the market regulator. There are actuaries resident in Singapore who are not fellows of the SAS, as there is no requirement for them to be, unless they wish to become an appointed actuary.

Of all the Fellows, about 10 act as appointed actuaries for life insurers in Singapore, and some may also act in a similar official capacity for insurers based elsewhere in the region.

Singapore functions as a regional centre for many firms, including reinsurers, consultants, and even some direct insurers. Some actuaries therefore spend a portion, even a majority of their time, engaged in life insurance practice in other markets within Asia, with Singapore serving as a convenient base.

2. The Life Insurance Market

There are 12 registered life insurers in Singapore, and an additional apparently dormant player. The market is dominated by the 4 largest of these, who share more than 80% of new business premiums between them. Several of these insurers, in addition to a couple of other companies, use their actuarial staff to provide services to their other operations in the region.

There are several reinsurers with life operations in Singapore, and all of these provide services to their life insurance clients within Singapore as well as, to a greater or smaller extent, the region. There is a number of consulting firms who employ actuaries in their life insurance practice, and again, these actuaries are usually providing services to clients within the region. A small number of actuaries also work for the Monetary Authority of Singapore (MAS), the financial market regulator, and 2 are engaged by universities.

Savings policies tend to dominate life insurance sales, although riders covering associated risks such as disablement, critical illness and medical expenses are popular. The majority of new sales of savings policies are unit-linked, with traditional participating savings products having declined in recent years. There remains, however, a large base of inforce participating business.

3. Role of the Appointed Actuary

Each direct life insurer is required by law to engage an Appointed Actuary (AA), who need not be an employee, need not reside in Singapore, but must be a Fellow of the SAS and be bound by its Code of Conduct and Guidance Notes.

The AA's statutory duties are to investigate the financial condition of the company's life insurance business, including a valuation of the business, allocation of surplus (under forthcoming regulations this will be a recommendation to the company's board) and a Dynamic Solvency Test. The AA must also ensure the appropriateness of premium rates and follow other requirements of the MAS, including the provision of advice on appropriate investment policy and reporting on any matters which adversely affect the insurance funds.

4. Other Actuarial Roles

As well as their role in supporting the AA's statutory responsibilities, actuaries are employed in a wide range of roles within the life insurance field, including CEO, CFO and even Chief Marketing Officer.

Consultative working groups involving actuaries are frequently established, to review insurance regulations, conduct mortality investigations and other consider other relevant issues.

III. Health Insurance in Singapore: Involvement of Actuaries

Actuaries in Singapore do not have specifically defined duties in relation to health insurance. They perform the usual functions of pricing, reserving, capital adequacy testing and risk management of health insurance policies as part and parcel of their responsibilities, whenever they advise life or general insurance companies which have these policies as part of their portfolio.

These actuaries must comply with legislation, regulations, industry body undertakings and actuarial best practice guidelines for life or general insurance, depending on how the health insurance policy is classified for statutory purposes.

In 2004, the Society appointed a Health Insurance Committee to look into health insurance related actuarial matters. In time, we expect that the Society will draw up guidelines for actuaries involved in health insurance in Singapore.