

Malaysian Actuary

August 2008 Issue



Raymond Lai *President's address*

Eight months has passed since my last president's message in January 2008. The whole world has changed since then. World leaders today are often in the discussions over the three big problems that loom over the whole economy. They are known as the F-words. Some call them the 3Fs: fuel, food and finance.

In the national front, year 2008 definitely looks like a year full of surprises and challenges. Who in 2007 would have guessed that the Barisan National could lose 5 states in the 2008 general election? Who in 2007 would have guessed that the oil price would hit US\$145 per barrel?

The future is not predictable, yet we, as actuary must act. We cannot wait until

we are certain of what is going to happen.

In the professional area, it is good to tell you some of the new developments that occurred over the past few months. RBC framework has been finalized by BNM after a long discussion and consultation with all appointed actuaries and industry players. It is expected to be implemented by 1 January 2009. And I believe the finalized framework will provide all of you with new insights and new understandings.

Another new development is the implementation of Continuing Professional Development (CPD) requirement by 1st January 2009.

Exco has already established a formal CPD requirement for all ASM members. ASM is not alone in formalizing a CPD requirement. Leader of actuarial organizations worldwide are also looking at the implementation of CPD.

This CPD requirement applies to all associate and fellow of Actuarial Society of Malaysia. All members are strongly encouraged to read and understand the requirements and, in particular, to note the very broad range of activities that count towards their CPD requirements. If you have not read this handbook, you can do it tonight or tomorrow. Can you not?

Many of you may not know that one of our elected EXCO members from AGM, Mr Henry Lim has relinquished his position. Constitution allows EXCO to appoint another member into EXCO in his place. In this regard, I am pleased to announce that Mr Alexis Chao has agreed to take up the position and he will be in charge of editorial team under communication committee.

In June, ASM organized an ASM evening at Bangkok Jazz for all members. Over 75 members attended and most of them have a good time enjoying jazz music and free flow of beers.

In addition, ASM also organized an evening talk on critical illness insurance. The speaker was Ms Eppel, a specialist in pricing and product design of critical illness insurance policies. She shared with the participants her pricing experiences and the talk is indeed very informative and interactive. I believe this session is very beneficial to the members.

Lastly, 2008 is the year of Olympics which is currently hosted in Beijing. I hope everyone can enjoy the once in four year opportunity to watch the best of the best competing against each other in the Olympics. Happy watching!! See you again in the next issue of The Malaysia Actuary. •

Beijing 2008



ASM Annual General Meeting

24 January 2008 By Pong Chiew Ping

ACTUARIAL SOCIETY OF MALAYSIA
ANNUAL GENERAL MEETING
2008

24 JANUARY 2008



*A*nnual General Meeting this year started at 5:15pm with an opening by our regular Master of Ceremony – Charlene Lee who greeted every member in the hall.

Before we began the Annual General Meeting, there was a presentation by Executive Committee of ASM – Seow Fan Chong regarding Professionalism in ASM. His presentation gave an overview of the actuarial profession standards in our society.



After the presentation, the Executive Committee for the year 2007 took their seats on the stage and took turns to provide updates to the ASM members on the activities held during the year.

The first update was presented by our President – Mr. Raymond Lai.

He started his keynote with chess puzzle. Raymond described actuarial in relation to chess moves –it is an interesting point of view if one could understand how the chess pieces are supposed to move. Raymond gave an overview of what the society contributed in the past one year.

Secondly, we have the Secretary of ASM – Lim Kuan Hong to present the secretariat report. It was good news as the number of ASM members are increasing tremendously with years. It would definitely be better if we were to have more members to participate in our activities actively and regularly.

Our treasurer for many years – Ong Kheng Heng is our next presenter.

He showed us how steady the reserve is in the bank. Hopefully, we can make good use of the fund and organize more interesting events for our members.

Seow Fan Chong who is the Head of Professionalism Committee, presented

the progress of the Professionalism practice his committee has led.

The 2007 EXCO Vice President and Head of Professional Development Committee presented the talks that were arranged whole yearlong. We hope all members who attended those events find themselves benefiting from them.

Communication plays a big role of presenting updates to our members regularly. Our objective is to inform members of the events occurring in our industry and related fields. Gary Hoo who has also been heading the Communications Committee for years presented the updates in Malaysian Actuary and the new look of ASM Website – www.actuaries.org.my. Please visit our website for updates regularly.



Sophia Ch'ng presented events under Education Committee. The biggest achievement for the year is that we hosted an exam – CA2 in Kuala Lumpur by flying a professor from Australia. We believe we can continue the similar practice this year. Hopefully by having a familiar environment for students, they can handle the exam stress better. We had a fruitful year as we promoted the Actuarial Profession to SPM and STPM students in The Star Education Fair. It is every member's responsibility to

increase the awareness of the Actuarial Profession to public. Hopefully we did not intimidate the students with the technical jargonistic formulas.

The Events Committee post had been taken over from Johan Nothling since October 2007 by Pong Chiew Ping. The standard events such as Annual General Meeting and Annual Dinner had been carried well. A walk-hunt was carried out in The Weld.



Muhd Khairul Izad Ishak represented Muhd Jamalul Alam B Mohd Isa@Jefferey Zain to report the Takaful Committee progress. The committee is studying actuarial-related technical issues of Takaful and wishes to provide a good ground for future Takaful development.



From left: Henry Lim, Tan Eng Siang, Lim Kuan Hong, Patrick Cheah, Raymond Lai, Pong Chiew Ping, Lim Ling Feng, Loke Chang Yueh, Lee Jiau Jiunn

One of the important parts of the Annual General Meeting was the election of the new Executive Committee. After some nominations and seconds, the new EXCO list is as follows: -

President: Raymond Lai You Kim
Vice President: Patrick Cheah
Secretary: Lim Kuan Hong
Treasurer: Tan Eng Siang

Immediate Past President:
 Lee Jiau Jiunn

Committee members:
 Pong Chiew Ping
 Loke Chang Yueh
 Henry Lim Yen Wei
 Lim Ling Feng

The new Executive Committee took their seats on the stage and thanked everyone for their support and trusts in the ASM. The new Executive Committee will try their utmost best to provide more activities and benefits to all ASM members. ●



ASM Evening

5 June 2008

By Pong Chiew Ping

A good start of an evening of a working day would be that there is no torrential thunderstorm from 4 p.m. onwards and no traffic congestion after work hours.

I would call June 5th a great evening as it was complemented with beautiful sunset, plus a free flow of finger food and beer in Bangkok Jazz for only RM10 per person. We really appreciated everyone that showed up and gave their

support to ASM event, and of course not to miss A BIG Thank You to Malaysian Life Re who sponsored the beer for the night. Cheers!

We had a turn out of 75 people, ranging from actuaries to actuarial students. Despite the busy schedule, many traveled quite a distance to meet up with their fellow peers. It was an enjoyable night, accompanied with jazz music and friends around.●

Critical Illness Insurance

- Product Design and Actuarial Aspect

20 June 2008

By Lim Kuan Hong



*I*n view of the emerging need from the market for critical illness insurance policy, ASM managed to invite *Ms. Manuela Eppel of Munich Re Retakaful* to present a talk on the critical illness insurance policies. Besides being a part of the Fellowship of German Association of Actuaries, Ms. Eppel has also qualified as a Master of Public Health. Since 2001, she specializes in pricing and product designing of critical illness insurance policies. These backgrounds make her a superb speaker for the talk.

The talk was conducted on 20 June 2008 in Menara Prudential. Based on the high interest from the members, the room in which the talk was conducted was completely packed. Besides ASM members, the talk also attracted some non-members. The talk was divided into

two parts –the first part focused on the product design and actuarial aspects of the critical illness insurance policies while the second part was on the coverage on diabetes and a variation of other critical illnesses. There was a tea break that was held in between the two sessions and this allowed the participants to network and share knowledge among each other. The refreshments were sponsored by Munich Re Retakaful.

Apart from presenting the product features and actuarial aspects of the critical illness insurance policies, Ms. Eppel also shared with the members the manner of which such a policy was carried out in other countries. Her clear explanation and occasional humor throughout her presentation made the talk interactive. With her permission, ASM has posted the presentation slides at

<http://www.actuaries.org.my/default.asp?p=219>.•

CPD Scheme

By Patrick Cheah

Introducing the new CPD scheme

The new CPD scheme, which will come into effect on 1st January 2009, aims to ensure that all working actuaries are competent enough to carry out their duties and provide sound actuarial advice. This also allows the public and other professions to have confidence in what an actuary says or carries out.

The International Actuarial Association (IAA) deemed it necessary that all fully designated actuarial bodies in the world should have some form of CPD scheme in place. The CPD scheme is of high priority to all in the actuarial profession as it represents a way of ensuring that existing actuaries' skills are updated and refreshed.

This CPD scheme has been developed to enable members to demonstrate their commitment of continuing their professional development for the benefit of their employer, clients, regulators, customers and mainly themselves. This is a profession that is regularly in touch with latest technology, methodology and

knowledge, besides being well respected and trusted by others.

What is the new scheme and how does it affect you?

The biggest change is that the scheme is mandatory for all actuaries working in Malaysia (actuaries are defined as Associate members or Fellow members). You have to ensure that some form of CPD activity is undertaken on an annual basis.

CPD categories

- 1. Actuaries who are deemed to be an Appointed Actuary.*
- 2. Actuaries who are working in a specialist field which are recognised as traditional areas for actuarial work (Note, this includes actuaries practicing in the insurance industry, insurance consulting, pension consulting, investment consulting or investment banks).*
- 3. Actuaries working outside Categories 1 and 2.*
- 4. Actuaries who are no longer in work.*

All CPD activities fall into two categories:

verifiable or personally assessed.

CPD Activities

Verifiable:

Either the activity or the outcome from the activity is observable by others. This includes attending actuarial events or any events where attendance is recorded; ASM Exco meetings, studying and passing an examination; preparing

and delivering presentations in actuarial seminars; preparing materials which are published in the public domain.

Personally Assessed:

The activity is not observed by others and the outcome is needed to be explained on the CPD record form

More detailed information can be found in the CPD handbook which has been posted under the ASM website at <http://www.actuaries.org.my/default.asp?p=226>.

CPD guidance table

	Cat. 1	Cat. 2	Cat. 3	Cat. 4
<i>Appointed Actuary</i>	✓			
<i>Working in area recognized as traditional area of actuarial work</i>		✓		
<i>Working in area outside actuarial work</i>			✓	
<i>Retired/Career Break</i>				✓
<i>Unpaid voluntary work</i>			✓	
<i>Part-time work</i>			✓	
<i>Non-actuarial work</i>			✓	
<i>Minimum number of hours of CPD</i>	14	14	Self-determined	0
<i>Verifiable</i>	14	Mix	Mix	
<i>Personally Assessed</i>		Mix	Mix	
<i>Hours relevant to practice area</i>	10	10	Self-determined	
<i>Minimum number of entries on form</i>	4	4		
<i>Entries relating to technical skill</i>	2	2		
<i>Professionalism skills (hours)</i>	2	2		
<i>Requirement to complete record of CPD</i>	✓	✓	✓	✓

How will CPD be recorded and monitored?

Actuaries in Category 1 to 3 should submit their CPD records to the CPD committee. A CPD declaration form would be provided along with the CPD handbook to each actuary in their respective categories for their recordkeeping. Supporting documentary evidence should be kept by members for a minimum period of 3 years.

The profession will be undertaking random monitoring of records. It is therefore important that CPD records are maintained and, if you attend courses other than those organized by ASM, you should retain your attendance details and outputs as these will be requested if your record is one of those being monitored.

Frequently Asked Questions and other relevant information

The CPD handbook contains a large number of questions and answers. You can find the CPD handbook at the ASM website at www.actuaries.org.my. If you have any queries, please refer to the handbook to see if your question has already been raised and addressed.

All queries on CPD requirements and the handbook should be sent to cpd@actuaries.org.my

International comparison of schemes

It has been agreed for actuaries of ASM, that meeting the CPD requirements of other actuarial bodies may count in full

or partly towards meeting the mandatory CPD requirements of ASM. To assist in this process, we have carried out a comparison of CPD schemes and have constructed the matrix below as a guide to comparing the CPD schemes of other Actuarial Associations. The matrix is currently under work in progress and will be added to as the Committee progresses the comparisons.

Any member who wishes to use this method for fulfilling the requirements should write the following on their CPD declaration form:

I am a permanent resident and practicing in <country> and subject to the CPD scheme of <name of body>. I have fulfilled this scheme in the most recent year.

UK Actuarial Profession

Mandatory?

Yes for all working actuaries

No of hours: 15

No relevant hours: 10 in practice area for Category 2

Formal or verifiable: Verifiable or personally assessed

Professionalism content: Category 2: 2 hours a year and attendance at professionalism event every 10 years (not for outside UK)

Exemptions: Only if not working at all

Own firm: 'Some' external for Category 2

Other requirements: At least 4 entries per year for Category 2

Verdict: Only if meeting full requirement but should encourage to include some professionalism

Institute of Actuaries of Australia

Mandatory? *Yes*

No of hours: *40*

No relevant hours: *No specific requirement*

Formal or verifiable: *Verifiable*

Professionalism content: *Should include business environment - but professionalism not specified*

Exemptions: *If retired or similar and not providing a professional service*

Own firm: *Not specified but most applicable categories are external*

Other requirements: *Members to exercise judgement; compliance certified at annual renewal of membership; records to be retained for 5 years*

Verdict: *Encouraged to include some professionalism and to make sure it is not all within one's own firm*

Canadian Institute of Actuaries

Mandatory? *Yes*

No of hours: *50**

No relevant hours: *12* hours must be structured; min of 6* hours on technical skills*

Formal or verifiable: *Verifiable*

Professionalism content: *At least 2* hours on professionalism and 2* hours on business and management skills*

Exemptions: *Those not practicing, retired or unemployed. Associates still sitting for exams*

Own firm: *No restriction*

Other requirements: *Online CPD record. Annual certificate of compliance. Members must satisfy Rule of Professional Conduct 2 "A member shall perform professional services only when the member is qualified to do so*

Verdict: *Unless in one of exempt categories*

Actuarial Society of South Africa

Mandatory? *Only for formal statutory roles*

No of hours: *15*

No relevant hours: *Not specified*

Formal or verifiable: *Personally assessed*

Professionalism content: *Not specified*

Exemptions: *Recommended for all*

Own firm: *Up to 7.5 hours of 15 permitted*

Other requirements: *Should be relevant to the South African practice. Based on old UKAP scheme*

Verdict: *Only if the full requirement is met but it is encouraged to include some professionalism. ASSA may update scheme in light of new UKAP scheme*

New Zealand Society of Actuaries

Mandatory? *Recommended practice*

No of hours: 70

No relevant hours: *15 hours in core activities*

Formal or verifiable: *Personally assessed*

Professionalism content:

Professionalism Course recommended

Exemptions: *No specific exemptions but only recommended practice*

Own firm: *No restrictions*

Other requirements:

Verdict: *Only if the full requirement is met. Encouraged to include some professionalism and to make sure it is not all within one's own firm*

Society of Actuaries in Ireland

Note: The Society of Actuaries in Ireland has adopted the UK Actuarial Profession's CPD scheme

Mandatory? *Yes, for all working actuaries*

No of hours: 15

No relevant hours: *10 in practice area for Cat 2*

Formal or verifiable: *Verifiable or personally assessed*

Professionalism content: *For Cat 2: 2 hrs a year and attendance at professionalism event every 10 yrs (not for outside UK)*

Exemptions: *Only if not working at all*

Own firm: *'Some' external for Cat 2*

Other requirements: *At least 4 entries a year for Cat 2*

Verdict: *Only if meeting full requirement but should encourage to include some professionalism*