



THE MALAYSIAN ACTUARY

THE NEWSLETTER FOR MEMBERS OF THE ACTUARIAL SOCIETY OF MALAYSIA

▶ *IFRS 17 at a Glance*

Views on the upcoming accounting standards for insurance contracts

📄 PAGES 5-8

▶ *Up Close and Personal*

WITH GEORGE KAU

📄 PAGES 10-11

Editor's Note

WELCOME ALL MEMBERS TO THE LAST newsletter for 2016. I hope you have enjoyed the past newsletters and are looking forward to the upcoming newsletters. In case you missed the past newsletters, you may refer to our website under the Malaysian Actuary tab in the Publications section or click on this [link](#).

We are already at the end of the 2016. How are your personal resolutions for the year so far? Hope that you have achieved your personal and career goals. Now it is time to reflect and create new resolutions for 2017.

The ASM council has organised various social and professional events throughout the year. These include the second ASM Movie Night 2016 and ASM Half-Day Seminar and 38th Annual Dinner. The response has been excellent with a large number of attendees and participants. We hope that you have benefited from these events. The coverage of the events are included in this newsletter. Look forward to the 2016 Actuarial Seminar: Motor Insurance and the Year-End Party

this December and more events planned in 2017.

In this newsletter, we have received an article contribution from EY Singapore on IFRS 17. I would like to express my gratitude to them and they will be receiving a RM300 cash voucher for their contribution. For more details on contributing articles, please refer to the 'ASM Newsletter Contributions—Terms and Conditions' at the end of this newsletter.

On top of that, we have the opportunity to interview George Kau from Takaful IKHLAS in the 'Up Close and Personal' section. Please refer to page 10 for the interview. If you would like to nominate candidates or yourself for the next 'Up Close and Personal' section, you may send your nomination to the editor.

I hope you enjoy this newsletter. For any comments or feedbacks, please submit them to editor@actuaries.org.my. Thank you.

Kind regards,
Nur Amin Nurazmi

Contents

- 2 President's Note
- 3 Event Highlights
- 5 Members' Section
- 9 News Highlights
- 10 Up Close and Personal

Calendar

DECEMBER

7-8 2016 ASM-CAS-IAAus Motor Insurance Seminar

16 ASM Year-End Party 2016

* SUBJECT TO CHANGES

i

MEMBERSHIP APPLICATION

Interested to be an ASM member and enjoy various benefits?

Please fill in your information in the following link. Our secretary will contact you directly to follow up.

<http://actuaries.org.my/wp-login.php?action=register>

MEMBERSHIP RENEWAL/ REINSTATEMENT

Missed the membership renewal deadline?

Reinstate your membership! Note that reinstatement fees shall be applicable.

<http://actuaries.org.my/members/membership-renewal/>

The Malaysian Actuary welcomes interested members who would like to contribute to the newsletter in any way, either by submitting articles relevant to the actuarial industry, conducting interviews or contributing puzzles. With regards to submitted articles, The Malaysian Actuary reserve the rights to accept, reject or request changes before publishing the articles. In addition, the editor may amend the article for grammar, punctuation and spelling.

For more details on contributing articles, please refer to the 'ASM Newsletter Contributions — Terms and Conditions' at the end of this newsletter, or contact the editor at editor@actuaries.org.my.

President's NOTE



WE HAVE NOW REACH THE END OF THE year and this will be our last publication for the year. There is still some more time to catch-up on your resolution, if it has yet to be fulfilled. Speaking of which, reflecting on ASM's resolutions, I believe ASM have reasonably achieve these.

One of ASM's main aim is to elevate the level of professionalism of its members and the society as a whole. For members, this year, we have three events held locally where ASM work collaboratively with other renowned international actuarial bodies so that

the members can benefit from broader international exposure. We have also organized our first data analytics workshop recognising the need and expectation of our stakeholders for actuaries to contribute in this area. We will look to organise more seminars/ workshops in the area of analytics and big data going forward.

Another significant step in the right direction is ASM, in consultation with Bank Negara Malaysia, has also set-up technical working groups to provide proposals with regards to the impending implementation of IFRS 17. The work of the technical working groups will also be shared with members sometime next year.

In terms of services to members, I believe that the administration processes have been much smoother this year as compared to last year. For this, I would like to thank our Secretariat team as well as the council for the support. Also, given that the membership has grown, we had also organised more members' events this year to be able to provide more opportunities for participation.

For members' information as well, ASM is the current chair of the ASEAN Actuarial Talent Development Working Committee under the auspices of ASEAN Insurance Council, taking over the good work that the Singapore Actuarial Society has led from 2015 until mid of 2016. In order to develop the actuarial talent in ASEAN, a three-prong approach has been identified i.e.:

1. Building infrastructure to ensure that there is structured route to churn out actuarial students e.g. working with tertiary education providers to provide actuarial programs
2. Brand building to increase awareness and appeal of actuarial profession
3. Expand infrastructure by sharing of experience, knowledge and resources amongst the actuarial societies and bodies in this region.

Being one of the leading market and actuarial society in this region, I believe that we have a lot to offer to our counterparts in this region. Hence, going forward, ASM will also be seeking volunteers to lend their support in some of the initiatives being planned with the other actuarial societies and bodies.

The year that have passed has certainly been a busy year and I hope that members have certainly benefited and enjoyed the good work that have been carried out. In concluding my remark in this issue, as this is my last note in the Malaysian Actuary magazine before I pass on the baton to Gary Hoo the President-Elect, I would like to thank all the members for the opportunity to serve you and take this opportunity to apologise for any short-comings during my tenure as the President.

With this, I end my note and here's to ending the year with a bang! See you next year.

Best regards,
Wan Saifulrizal Wan Ismail

ASM MOVIE NIGHT 2016 II

BY NUR AMIN NURAZMI

THE SECOND ASM MOVIE NIGHT FOR THE YEAR WAS held on 28 October 2016 at Pavilion, Kuala Lumpur. Due to overwhelming response last year, the ASM Council has decided to organise two movie nights this year to allow more ASM members to participate in the event.

Email blast was sent to all members two weeks in advance, so that members can plan for the event. To be fair to all members, the time for the registration was informed earlier. However, due to the high traffic volume to the ASM website when the registration was opened, the website crashed. Fortunately, this was fixed a few minutes later.

The event was held on Friday night as the movie ended quite late. Each member was allowed to bring one non-member for this event.

The event started with dinner at Fish & Co. at level 4 of the Pavilion. Registration and movie tickets were distributed starting from 7 p.m. with members started to arrive as early as 6 p.m.

During the online registration, members were given 4 set of menus to choose. The chosen set menu was served to the attendees. The dinner ended around 8.30 p.m. where later all the attendees made their way to the Golden Screen Cinemas (GSC) at level 6.

ASM managed to book one whole hall from GSC for the event. Popcorns and drinks were provided for attendees at the entrance. Around 8.45 p.m., the movie – Dr Strange, started. The movie and the event ended at around 11 p.m. 🍿



ASM HALF DAY SEMINAR & 38TH ANNUAL DINNER 2016

BY NUR AMIN NURAZMI



THE ASM HALF DAY SEMINAR AND 38TH ANNUAL DINNER 2016 was held on 23 November 2016 at InterContinental Hotel, Kuala Lumpur.

An encouraging response of more than 180 people attended the event which consists of ASM members and non-members. 3.5 hours of CPD was available for the event. Registration started at 1 p.m. with the first presentation started at 1.30 p.m.

The seminar started with a presentation by Farzana Ismail of Milliman which entitled 'Revisiting Strategy – Implications of Low Interest Environment for Insurance Companies'. This was followed by a presentation on 'Moving Beyond Compliance with RegTech' by Roshan Perera and Vandana Toshniwal of NMG Consulting.

After the tea break, Dickson Wong of PricewaterhouseCoopers (PwC) presented on 'The Effects of The New Accounting Standard "IFRS 9 Financial Instruments" for Banks'. Then, Aiza Yasmin Benyamin of Actuarial Partners presented on 'Microinsurance – Let's Get Practical'. The half day seminar ended at 5.30 p.m.

Drinks and light refreshments were served to those who stayed for the Annual Dinner. The dress code for the Annual Dinner this year was Pastel. ASM was honoured to have Malaysian Life Re as the Lucky Draw Sponsor and TAS Search as the Member Dinner Ticket Sponsor again this year. Five free tickets were given out by TAS Search for those who

could predict the closing FBM KLCI at the end of trading day 11 November 2016.

Attendees, past ASM presidents and Guest of Honour came as early as 6.30 p.m. for the registration before the hall doors were opened at 7 p.m. The ASM President, Mr Wan Saifulrizal Wan Ismail delivered his speech as an opening remark for the event. This was continued by a speech from the Guest of Honour, Mr Gan Leong Hin, Vice President of Life Insurance Association of Malaysia (LIAM). He shared his experience both as an experienced insurance professional as well as an actuary and how actuaries can continue to add value and be relevant in the continuous changing landscape.

Dinner was served at 7.30 p.m. Several activities were organised as the guests were enjoying their scrumptious dinner buffet. First, FASM certificates were presented by the ASM President. Then the Table Games started which acted as an ice-breaking session among attendees. Each table was represented as a group.

As the custom goes, Lucky Draw prizes were also presented throughout the event. The main lucky draw prize for the night was a brand new iPad Pro. Other prizes include GoPro Action Camera, XiaoYi Action Camera and RM 3,000 cash vouchers.

At about 9.30 p.m., Mr Wan Saifulrizal presented a token of appreciation to the Guest of Honour. The 38th Annual Dinner ended after dessert was served. 🍷

IFRS 17

at a glance

Dominic Lim | Manager | Advisory Services

Office: + 65 6309 8628
Dominic.Lim@sg.ey.com

Sumit Narayanan | Partner | Advisory Services

Office: + 65 6309 6452
Sumit.Narayanan@sg.ey.com

Jeremy Lim Jern | Senior Manager | Risk

Office: + 603 7495 8000
Jeremy-J.Lim@my.ey.com

Vanessa Lou | Associate Director | Advisory Services

Office: + 65 6309 6759
Vanessa.Lou@sg.ey.com

Introduction

THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (“IASB”) has been working on developing a set of consistent accounting standards for insurance business in the past 2 decades. Insurance accounting is perceived by many to be too complex for investors to comprehend. Furthermore, jurisdictions adopt different accounting models for the presentation of financial statements, resulting in the lack of comparability and transparency.

In 2004, the IASB released the IFRS 4 Phase I standard (hereby known as IFRS 4.1) which includes guidelines on disclosure requirements and classification of insurance contracts. IFRS 4.1 permits insurers to retain most aspects of their current local accounting requirements for insurance contracts. The standard is regarded as a transitional arrangement while the IASB works on a comprehensive review of accounting for insurance contracts. In July 2010, an Exposure Draft (“ED”) for IFRS 4 Phase 2 (hereby known as IFRS 4.2) was released.

Compared to IFRS 4.1, the changes proposed under IFRS 4.2 would require significantly more effort by insurers to adopt the standard. IFRS 4.2 is believed to meet the objectives of improved comparability and transparency for insurance financial reporting.

Key features of IFRS 4.2 include:

1. Use of updated, rather than locked-in assumptions for the presentation of financial statement
2. Explicit measurement of options and guarantees
3. Further disclosure around risk margin and time value of money
4. Discount rate that reflects the characteristic of the liability profile, instead of the underlying backing investment
5. Better accounting matching between assets and liabilities
6. Deferral of acquisition costs

Under the new standard, financial statements are primarily populated from the comparison of actual and expected cash flows, where some insurers would be able to leverage on their existing surplus analysis capability. However, several components of IFRS 4.2 are entirely new, with little comparability against the existing accounting and regulatory reporting regime. The new standard would fundamentally change the pattern of profit recognition for insurance contracts.

The final standard for IFRS 4.2 is expected in the first half of 2017, whereby the standard will be subsequently regarded as IFRS 17. The IASB has set the mandatory effective date of IFRS 17 to be 1 January 2021. This means that insurers will

CONTINUED ON **PAGE 6** ➔

← CONTINUED FROM PAGE 5

only have around 3 ½ years of implementation once the final standard has been released.

In this article, we will discuss the key technical components of IFRS 17 and provide our preliminary insights on how these components may potentially be interpreted in the context of the Malaysian Risk Based Capital (“RBC”) framework. Readers are reminded that the interpretations within this article are purely based on the opinions of the authors, and do not constitute EY’s view.

Key Components of Measurement

Page 8 of the ED clearly sets out the requirements in meeting the objectives of the new standard:

An entity is required to measure an insurance contract using a current value approach that incorporates all available information in a way that is consistent with observable market information. The measure also requires an entity to present

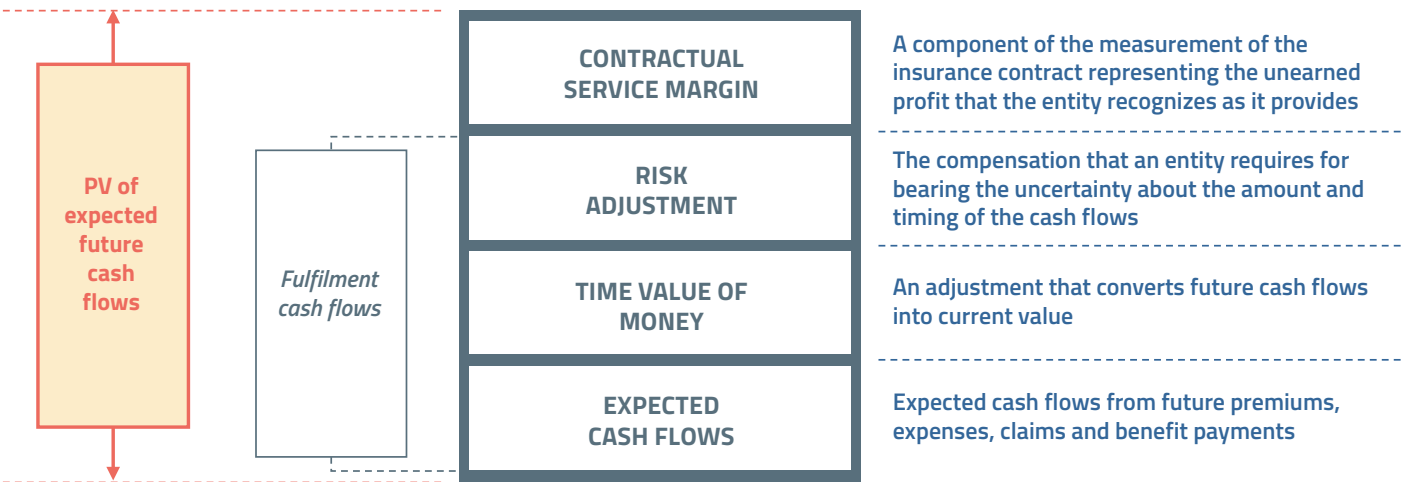
insurance contract revenue to depict the transfer of promised services arising from an insurance contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services, and to present expenses as the entity incurs them.

At present, IASB is finalizing the measurement model for contracts with no participation features and with direct participation features. The categorization would determine the measurement model used – the general model or variable fee approach respectively. We will subsequently detail how contracts are categorized for the determination of the applicable measurement model.

Measurement Model – General Model

The general model adopts the building block approach which measures the whole contract at initial recognition in a way that incorporates the following:

Figure 1: General Model for Measurement of Insurance Contracts



1. Expected cash flows

Unbiased estimate of expected cash flows that relate directly to the fulfilment of the portfolio of contracts. The estimates should satisfy the following:

- 1. Be explicit in separating into cash flows, discount rates and risk adjustment;
- 2. Reflect the perspective of the entity, provided that the estimates of any relevant market variables do not contradict the observable market prices for those variables;
- 3. Incorporate unbiased information about the amount, timing and uncertainty of all cash flows that the entity is expecting throughout the contract fulfilment;
- 4. Be current as the estimates should reflect the current information as at valuation date;
- 5. Include cash flows within the boundary of each contract in the portfolio. Cash flows such as indirect acquisition costs, investment returns, income tax and any other cash flows arising from components that are separated from the insurance contract are not to be included.

OUR INTERPRETATION: This is similar to the best estimate cash flows under the current RBC framework for liability calculation. However, expense components would need to be segregated into direct and indirect expense. Directly attributable acquisition expense will be deferred and recognized over the life time of the contract by establishing a deferred acquisition cost (“DAC”) asset.

2. Time value of money

Expected cash flows are discounted to reflect the time value of money and characteristic of those cash flows. The discount rates should be consistent with observable current market prices for instruments with cash flow characteristics that are consistent with those of the insurance contract. It should also exclude the effect of any factors that influence the observable market prices but are not relevant to the cash flows of the insurance contract.

CONTINUED ON PAGE 7 →

← CONTINUED FROM PAGE 6

IASB outlined two approaches in the ED: top-down and bottom up. The top-down approach will be based on current market returns with adjustment for risks that are not relevant to the insurance liabilities. The bottom-up approach will be based on a risk-free yield curve that is subsequently adjusted for other characteristic of the insurance contract such as illiquidity premium.

OUR INTERPRETATION: We believe that the requirements to consider the time value of money is consistent with the valuation methodology under the present RBC framework, whereby expected future cash flows are discounted. Thus far, the IASB did not prescribe the exact method of deriving discount rates. The ED noted that both 'top-down' and 'bottom-up' approaches can be adopted, with reference to observable market prices of instruments with similar cash flows to the contract.

The present RBC framework adopts an approximation to the 'bottom-up' approach for the valuation of non-participating liabilities. For investment-linked (unit fund) and participating liabilities, an approach consistent to the 'top-down' method is adopted for the projection. However, for IFRS 17, additional complexities exist in order to ascertain the discount rates for each measurement model, including (but not limited to):

- Treatment of credit risk in the application of the 'top-down' approach
- Determination of illiquidity premium for the 'bottom-up' approach
- Extrapolation of last observable rate (where no observable market prices exist) to the ultimate forward rate

3. Risk Adjustment ("RA")

RA is defined as being the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise as the entity fulfils the insurance contract. Two approaches are outlined in the ED for the derivation of RA: the cost of capital approach and the confidence interval approach.

OUR INTERPRETATION: The IASB does not prescribe the technique used for the calculation of RA. The confidence interval approach is similar to the current Malaysia RBC framework for liability valuation, which requires an explicit loading of Provision of Risk Margin for Adverse Deviation ("PRAD") set at the 75th percentile confidence interval. By comparison, the cost of capital approach is simpler to apply and has been adopted for the European Solvency II regime.

4. Contractual service margin ("CSM")

CSM is the amount that reflects the excess of the consideration charged for the contract over the risk-adjusted expected present value of the cash outflows that arises as the entity

fulfils the insurance contract. At initial recognition, the CSM is defined as the negative of fulfilment cash flows, with a minimum of zero.

Under the new standard, positive CSM eliminates any day 1 gains and represents the unearned future profit that an entity would recognize as it provides services over the term of the contract. A locked-in interest rate at the inception of the contract is used for accreting interest on CSM. If the total CSM is valued to be negative at inception, the contract will be regarded as onerous and the corresponding loss is recognized in the statement of comprehensive income ("SCI") during the reporting period.

An entity should recognize the remaining CSM in the SCI over the coverage period in a systematic way that best reflects the remaining transfer of services. For contracts with no participating feature, the service represented by the CSM is insurance coverage that is provided on the basis of the passage of time and reflects the expected number of contracts in force.

OUR INTERPRETATION: The CSM is a new element to most insurers in Malaysia. It aims to smooth reported profits in financial statements by removing the volatility inherent in the assumption setting process. Under the current RBC framework, any changes in assumptions will be immediately reflected in the Profit and Loss statement of the valuation year. This could change significantly under IFRS 17 with the introduction of CSM that effectively absorbs the impact of assumption changes (to a limited extent) and thus smooths profit recognition. This may discourage insurers from holding conservative buffers within reserves for the purpose of releasing margins as and when capital is required by the business.

Measurement Model – Variable fee approach

For insurance contracts with direct participation features, IASB has tentatively agreed to adopt a variable fee approach ("VFA"). For these contracts, insurers are considered to earn fees from providing services, and the fees are determined from the entity's expected share of returns on the underlying items. The underlying items are not owned by the entity, and changes in the estimate of fees to be received by the entity from servicing the contract are adjusted in the CSM.

Contracts with direct participation features should be defined as contracts for which:

1. the contractual terms specify that the policyholder participates in a defined share of a clearly identified pool of underlying items;
2. the entity expects to pay to the policyholder an amount equal to a substantial share of the returns from the underlying items; and
3. a substantial proportion of the cash flows that the entity expects to pay to the policyholder should be expected to vary with the cash flows from the underlying items.

CONTINUED ON PAGE 8 →

← CONTINUED FROM PAGE 7

OUR INTERPRETATION: Based on the definition above, we believe that the VFA model would be applicable to investment-linked and participating contracts. However, we believe the present RBC approach to value investment-linked contracts (unit and non-unit reserve) may conflict against the GPV methodology of IFRS 17 (fulfilment cash flows). The CSM for participating contracts would need to bear some resemblance to shareholder transfer, which some insurers do not consider under statutory reserving basis.

The VFA approach and the general model approach would produce the same measurement except:

1. for the recognition of the effect of changes in financial market variables on financial guarantees embedded in insurance contract; and
2. measurement of the CSM after initial recognition: under the general model, the CSM is accreted based on locked-in interest rates that are applicable at initial recognition of the contract. Subsequent unlocking adjustments are measured using the locked-in interest rates. For the VFA model, the CSM is re-measured at subsequent periods using the applicable interest rates during the valuation period (not locked-in).


IN OUR VIEW, A COMPREHENSIVE EXERCISE TO OPTIMIZE THE ENTIRE OPERATION AND MANAGEMENT OF AN INSURANCE COMPANY TOWARDS IFRS 17 MAY TAKE UP TO 5 YEARS.

Concluding Remarks

The IASB has recently completed its re-deliberations on IFRS 17 based on the results of the field testing exercise performed. More clarity has been provided on the standard, particularly on areas where field test respondents found to be of greatest concern. However, it is clear that significant resources would be required for successful implementation, exacerbated by the technical complexities and tight effective implementation date of the standard.

At the time of writing, it is clear that insurers are taking firmer actions in ensuring that they can successfully implement IFRS 17. In Singapore, our EY survey in 2015 has noted that over 70% of insurance companies have initiated their own IFRS 17 program, with almost 50% of companies appointing external advisors on the subject. Furthermore, our survey noted that insurers have budgeted significantly for the implementation, with amounts ranging from USD 25m to USD 500m, and over 90% of these companies expect substantial impact of IFRS 17 to their business.

We recognize that Bank Negara Malaysia has begun to consider the impact of the new standard to the industry. Given the increased market awareness and impending implementation of the new standard, we encourage insurance companies in Malaysia to consider performing an internal impact assessment and/or gap analysis. In our view, a comprehensive exercise to optimize the entire operation and management of an insurance company towards IFRS 17 may take up to 5 years. As such, we believe that the time is right for management to consider IFRS 17 as a factor that will determine the future success of their business.

In our next issue on the subject, we will be providing further insights on operational challenges and difficulties that insurers may face for the measurement of insurance contracts under IFRS 17. 

EDITOR'S NOTE: *The article is based on the views of the authors and do not necessarily represent the views of the Actuarial Society of Malaysia.*

NEWS HIGHLIGHTS

i

PROFILE UPDATE

ASM members are encouraged to keep your profile and membership class updated. This can be done via the links below:

<http://actuaries.org.my/members/profile/>

<http://actuaries.org.my/members/change-membership-class/>

JOB OPPORTUNITIES

Keep yourself updated for any opportunities at our website:

<http://actuaries.org.my/career/job-opportunity-listing/>

For employers seeking potential employees, you may submit your application to:

<http://actuaries.org.my/career/job-posting/>

ARCHIVE OF PRESENTATIONS

ASM members can download past presentations organised by ASM via our website:

<http://actuaries.org.my/events/archive-of-presentations/>

Just log-in your ASM ID and search the presentation by Event, Title, Speakers, etc. The presentation slides are usually uploaded within 2 weeks after an event.

UP CLOSE AND PERSONAL

This section interviews selected candidates on their life and career as an actuary.

If you would like to nominate suitable candidates or volunteer to be featured in this section, please send an email to editor@actuaries.org.my.

6 SEPTEMBER 2016

Life insurance industry sees 20.8% growth in 1H16

The life insurance industry [registered a 20.8% growth](#) in new business weighted premium in the first half of 2016. Traditional life insurance business which grew 39.3% outpaced investment-linked business which achieved a respectable 8.0% growth rate.

18 OCTOBER 2016

Insurance to be offered through direct channel without commissions from next year - BNM

Beginning next year, insurers will be required to [offer pure protection products through a direct channel](#) without commissions, said Bank Negara Governor Datuk Muhammad Ibrahim.

19 OCTOBER 2016

Insurance sector needs to focus on talent development, new technologies - BNM

Takaful and insurance operators must [focus on talent development, leverage new technologies](#) and improve trust among customers to ensure sustainable growth in the industry, Bank Negara Malaysia (BNM) said.

20 OCTOBER 2016

Insurance firms probed over anti-competition agreements

Malaysia Competition Commission (MyCC) is investigating [several general insurance companies under the Competition Act 2010](#) over anti-competition agreements in the motor vehicle repair industry.

25 OCTOBER 2016

High calibre workforce needed as the insurance industry transforms

With the general insurance and takaful industry bracing itself for a significant change over the next three years, [skilled workforce with the right acumen and calibre](#) will be highly valued and a whole spectrum of job opportunities will open up.

11 NOVEMBER 2016

Liability insurance from govt firm eases vessel owners' burden

The setting up of [Perlindungan dan Indemniti Malaysia Sdn Bhd \(P&I\)](#), a government company which provides liability insurance cover for small ships, has been welcomed by local vessel owners.

17 NOVEMBER 2016

Takaful industry likely to sustain double-digit growth in 2016, 2017

The takaful industry is likely to [sustain its double-digit growth in 2016 and 2017](#) on the back of an expansion in policies amid the challenging economic climate.



WITH

George Kau

Mr. Kau (known as George) graduated with a Bachelor of Science in Actuarial Science from Universiti Kebangsaan Malaysia (UKM) and is a Fellow of the Society of Actuaries (FSA) and Fellow of the Actuarial Society of Malaysia (FASM). He has more than 15 years of actuarial services and financial reporting experiences in both conventional insurance business and takaful business across major international and domestic insurers in Asia Pacific countries. He joined Takaful Ikhlas Berhad as the Senior Vice President / Head of Actuarial Services. His main responsibility is to certify the valuation of actuarial and other certificate liabilities in accordance with the generally accepted actuarial principles and practices.

Q1 Please tell us about yourself and what you are doing currently.

I am the Head of Actuarial Services of Takaful Ikhlas Berhad and currently a member of the Greater Asia Committee (GAC) of SOA. Under the direction of the International Committee, the Greater Asia Committee coordinates Society of Actuaries activities in the Greater Asia region, with the support of SOA staff at headquarters and on location. The Greater Asia region includes Hong Kong, Indonesia, Macao, Malaysia, Singapore, South Korea, Taiwan and Thailand.

On top of that, I am also an External Assessor Panel for Actuarial Science and Risk Management Programme for Universiti Sains Islam Malaysia (USIM) and External Assessor Panel for Actuarial Science Programme for UKM.

Q2 Tell us one word that describes you best.

Generous.

I am still learning how to say "No" and a believer in Karma. I came from a poor family during childhood so I really appreciate the opportunity to offer assistance to persons in need.

Q3 What abilities or personal qualities do you believe contribute most to success in this field?

Honesty and integrity.

These qualities will help you to earn the trust of your subordinates and peers; and more importantly we get works done.

CONTINUED ON **PAGE 11** →

← CONTINUED FROM PAGE 10

Q4 What do you enjoy the most working in this field and the problems or frustrations that you have encountered?

I get frustrated when I hear news that 95% actuarial graduates of a local university who are not employed by insurance companies ended up not taking actuarial examinations. When actuarial related positions are filled up by people without actuarial training, it gets me frustrated as well.

In addition, I would get frustrated not spending enough quality time with my staff and children and they repeated my past mistakes; and when I have to develop products in which I myself won't buy.

I enjoyed working in this field as I have the privilege to meet Julian Ng of BFM radio station, partners of audit firms, directors of the Board, chiefs and staff of SOA and Bank Negara Malaysia frequently.

Q5 What are your goals?

I aim to achieve financial independence and retire from private sector early. I might go overseas on short to medium term to see how other people manage their country.

Other than that, I would like to participate in actuarial science projects in helping the government and the society to manage the day-to-day issues. I will hire actuaries and accountants to join my team if I can afford them. I believe I can play my part to help the low income families in Malaysia to gain access to insurance coverages and micro financing.

Obtain a Datukship from the state or federal ruler is still my ambition.

Q6 What is your opinion on the current Actuarial industry in Malaysia and your outlook in the next few years?

In my opinion, the Actuarial profession will prosper at least for the next 10 years due to the changes in the regulations. However, due to imbalanced supply and demand of actuarial science graduates, most of them will join non-traditional fields due to lack of actuarial vacancies in insurance / takaful companies.

I also envisioned that more actuaries will be taking up senior positions in insurance and takaful companies, i.e. CEO, directors of the Board, Group Managing Director, etc. There will be more actuarial graduates joining the general insurance companies in the next 3 years when the in-house Appointed Actuaries (AA) vacancies are filled up.

Education wise, it is expected that more universities will include general insurance related subjects in the syllabus.

External factors e.g. BREXIT, FINTECH will result in more Malaysian actuaries to return to Malaysia for

IN MY OPINION, THE ACTUARIAL PROFESSION WILL PROSPER AT LEAST FOR THE NEXT 10 YEARS.

job opportunities.

If Risk Based Capital (RBC) and Risk Based Capital for Takaful (RBCT) are revamped in the future, it may mirror some of the European Solvency II principles.

Q7 What is your view on the implementation of IFRS 17?

Currently, the implementation is in a snail pace due to fluid decision pending from International Accounting Standards Board (IASB).

After reading the news of IFRS17, I gathered the impression that IASB is likely to adopt some accounting features of US Generally Accepted Accounting Principles (US GAAP) for Insurers with complete name change/rebrand. This is a good news for the US companies to join the transition period with the rest, I suppose. IFRS 17 will impact across businesses well beyond the finance, actuarial and systems development areas, such as product design and distribution.

Sophisticate upgrade in actuarial software would be required at industry wide to cater for more demanding disclosures in the financial statement.

Q8 What special advice do you have for those seeking to qualify as a Fellow?


There are no short cuts! You need to complete the entire journey. Pick up the pen and start making notes for yourself.

Learn database skills such as R, Fox Pro programming and Access no matter which examination track you are in. Learn basic accounting double entries for insurer.

You should also explore non-traditional fields in order to open doors for future actuarial graduates.

Q9 Where do you see yourself 5 years from now?

I foresee myself to work closely with SOA and other actuarial organisations to promote actuarial profession to the universities and employers of non-traditional fields.

I will spend more time with my parents and wife, exercise regularly and reduce weight. 

'UP CLOSE AND PERSONAL' is a new section where we interview selected candidates on their life and career as an actuary. If you would like to nominate suitable candidates or volunteer to be featured in this section, please send an email to editor@actuaries.org.my.

EDITOR
Nur Amin Nurazmi

DESIGNER
Elisha Ong



**Actuarial Society
of Malaysia**

PRESIDENT
Wan Saifulrizal Wan Ismail

PRESIDENT-ELECT
Gary Hoo

VICE PRESIDENT
Yeoh Eng Hun

SECRETARY
Wong Li Kuan

TREASURER
Gary Lim

PROFESSIONAL DEVELOPMENT
Ivan Leong

COMMUNICATIONS
Nur Amin Nurazmi

EDUCATION
Kelvin Yeong

EVENTS
Agnes Kwan

CORRESPONDENCE ADDRESS
Actuarial Society of Malaysia
Universiti Tunku Abdul Rahman
Jalan Sungai Long,
Bandar Sungai Long,
Cheras, 43000 Kajang
Selangor Darul Ehsan
Tel: +603 9086 0288 ext 786
Fax: +603 9019 8868

This publication is for general information purposes only, and intended only for members of the Actuarial Society of Malaysia. While all reasonable efforts are made to provide correct information, the Actuarial Society of Malaysia does not guarantee that the information provided in this newsletter is complete, reliable and accurate in every aspect. The articles in this newsletter are based on the views of the individual authors and do not necessarily represent the views of the Actuarial Society of Malaysia.

© 2016 Actuarial Society Of Malaysia.
All Rights Reserved.

ASM NEWSLETTER CONTRIBUTIONS — TERMS AND CONDITIONS

All entries submitted must be accompanied with your name, NRIC (or passport), company name, phone number, corresponding address, and photo of yourself (optional).

ARTICLE CONTRIBUTION – RM300 CASH VOUCHERS

- Article written must be “Actuarial” related whether in the sense of work, culture, theory, expectations, etc.
- Only the articles that are submitted by individuals and published in ASM Newsletter will be entitled for the cash voucher.
- Articles that are selected to be published will be notified by the Editor to the individual.
- Article submitted must be original and NOT plagiarised from any individual or institution.
- ASM editorial and council holds the right in editing the articles submitted.
- ASM editorial and council holds the right in determining when the article is to be published.
- ASM editorial and council holds the right in not publishing the articles submitted.
- Article submitted should be approximately 2-5 pages in length using font Calibri 11 Single spacing.
- Entries are to be submitted to editor@actuaries.org.my.
- The promotion will only take effect on articles submitted from Year 2016 onwards.
- The expiry of promotion will be notified to all ASM members through email.
- ASM editorial and council holds the right to revoke cash vouchers should ASM feel that any article submitted is against the terms & conditions mentioned or plagiarism.

EVENT COVERAGE – RM50 CASH VOUCHERS

- Article written must be ASM-related events.
- Only the articles that are submitted by individuals and published in ASM Newsletter will be entitled for the cash voucher.
- Articles that are selected to be published will be notified by the Editor to the individual.
- Article submitted must be original and NOT plagiarised from any individual or institution.
- ASM editorial and council holds the right in editing the articles submitted.
- ASM editorial and council holds the right in determining when the article is to be published.
- ASM editorial and council holds the right in not publishing the articles submitted.
- Article submitted should be approximately 1-4 pages in length using font Calibri 11 Single spacing.
- Entries are to be submitted to editor@actuaries.org.my.
- The expiry of promotion will be notified to all ASM members through email.
- ASM editorial and council holds the right to revoke cash vouchers should ASM feel that any article submitted is against the terms & conditions mentioned or plagiarism.