

Overview

The Hong Kong actuarial profession body was firstly formed in 1968 as the Actuarial Association of Hong Kong (AAHK) and, 26 years later, its successor, the Actuarial Society of Hong Kong (ASHK) was duly incorporated in January 1994. The ASHK is a membership organisation for actuaries in the industries of insurance, consultancy, government and education institutes. The membership of the ASHK is now over 1000 and broadly ranges from experienced senior actuaries to actuarial students. The ASHK is governed by an elected Council with President, Immediate Past President, Vice President and 10 Council Members who volunteer on special interest committees. The term of office of the President is one year and afterwards in the capacity of Immediate Past President for another year, term of office of the Vice President is one year, and that of each Council Member is two years.

The Council members in 2017 are:

Position/Committee	Chairperson(s) (Employer)
President	Mr. Kevin Lee (AXA China Region)
Immediate Past President Strategy & Statutory Path Committee	Ms. Ka-Man Wong (AXA Asia)
Vice President (President-elect) Life Committee	Mr. Simon Lam (Munich Reinsurance)
2018 Asian Actuarial Conference Organising Committee	Mr. Billy Wong (Mercer)
Health Committee International Committee	Mr. Sam Yeung (Munich Reinsurance)
Life Insurance Committee	Mr. Sai-Cheong Foong (AIA)
Membership & Communications Committee	Ms. Mary Kwan (Fubon)
Membership & Communications Committee Secretary & Treasurer	Mr. Kenneth Dai (Manulife)
Non-Life Committee	Ms. Trinity Pong (Peak Reinsurance)
Pension & Employee Benefits Committee	Mr. Gary Lee (Sun Life)
Professional Development Committee	Mr. Mark O'Reilly (Deloitte)
Professional Matters Committee	Mr. J. Peter Duran (AIA)
Strategy & Statutory Path Committee	Mr. Dicky Lam (Prudential)

Mission Statement

The ASHK mission is:

**"Representing, developing and inspiring the actuarial profession
In Hong Kong to serve the public interest"**

The ASHK strives to accomplish its mission by:

Representing the actuarial profession in Hong Kong

- To be the impartial voice of the profession before the public by commenting on actuarial aspects of social, economic and financial issues that may arise from time to time
- To pursue recognition as a statutory body under the laws of Hong Kong
- To engage with regulatory, academic, professional and financial sector stakeholders

Developing the actuarial profession in Hong Kong

- To encourage and uphold the highest standards of professionalism and ethics amongst our members
- To provide our members with opportunities for Continuing Professional Development through conferences, seminars, lectures and the like
- To establish a qualification examination for fellow membership
- To expand our membership to include all qualified actuaries practicing in Hong Kong

Inspiring the actuarial profession in Hong Kong

- To develop a Young Actuaries' Scheme targeting students and members at the beginning of their careers
- To nurture young members via experience sharing and mentoring from successful senior actuaries

Objectives

The objectives for which the ASHK is established, are:

- To increase the value to the community of the actuarial profession
- To encourage and assist the study of actuarial science statistics and any other subjects of interest to members of the actuarial professional
- To promote the general efficiency of, to uphold standards of professional conduct among members
- To regulate the practice by its members of the profession of actuary by issuing from time to time as and when necessary guidance notes and other forms of guidelines or directions
- To discuss and comment on the actuarial aspects of public, social and economic and financial questions which from time to time may be the subject of public interest
- To consider the actuarial aspects of legislation existing and proposed and to take such action as is considered desirable

Activities

The ASHK undertakes a number of activities for members, including:

- Discussion with industry and regulatory bodies on relevant topics
- Formation of specialist committees on actuarial related topics
- Issuing Professional Standards and Actuarial Guidance Notes to members
- Publication of regular newsletter on actuarial matters in Hong Kong
- Circulation of actuarial job advertisements
- Luncheon meetings/evening talks/seminars to encourage the sharing of information and ideas. Speakers from around the world have presented, which allows members to keep updated on actuarial thinking
- Appointed Actuaries Symposium where appointed actuaries have the opportunity to discuss matters relating to the life insurance market in Hong Kong
- Investment & Risk Management Symposium/Conference where senior actuaries have the platform to discuss current issues relating to risk management and investment challenges affecting insurance and reinsurance markets in Hong Kong

Membership of the ASHK

There are 4 main classes of members in the ASHK, namely Honorary Members, Fellow Members, Associate Members and Student Members. Our current membership stands at 1179.

The breakdown of the membership as of January 2017 is:

Honorary Members	3
Fellow Members	761
Associate Members	145
Student Members	270

Membership Analysis (based on membership as of January 2017)

a) By type of employer:

Insurance/Reinsurance Companies	76.79%
Consulting Firms (Insurance and/or Retirement Schemes)	15.61%
Financial Institutions	1.86%
Education Establishment	0.84%
Public/Government Service	0.68%
Others (e.g. Broking/Rating/Recruitment Agency)	0.84%
Undisclosed/Not Actively Employed	3.38%

b) By area of work

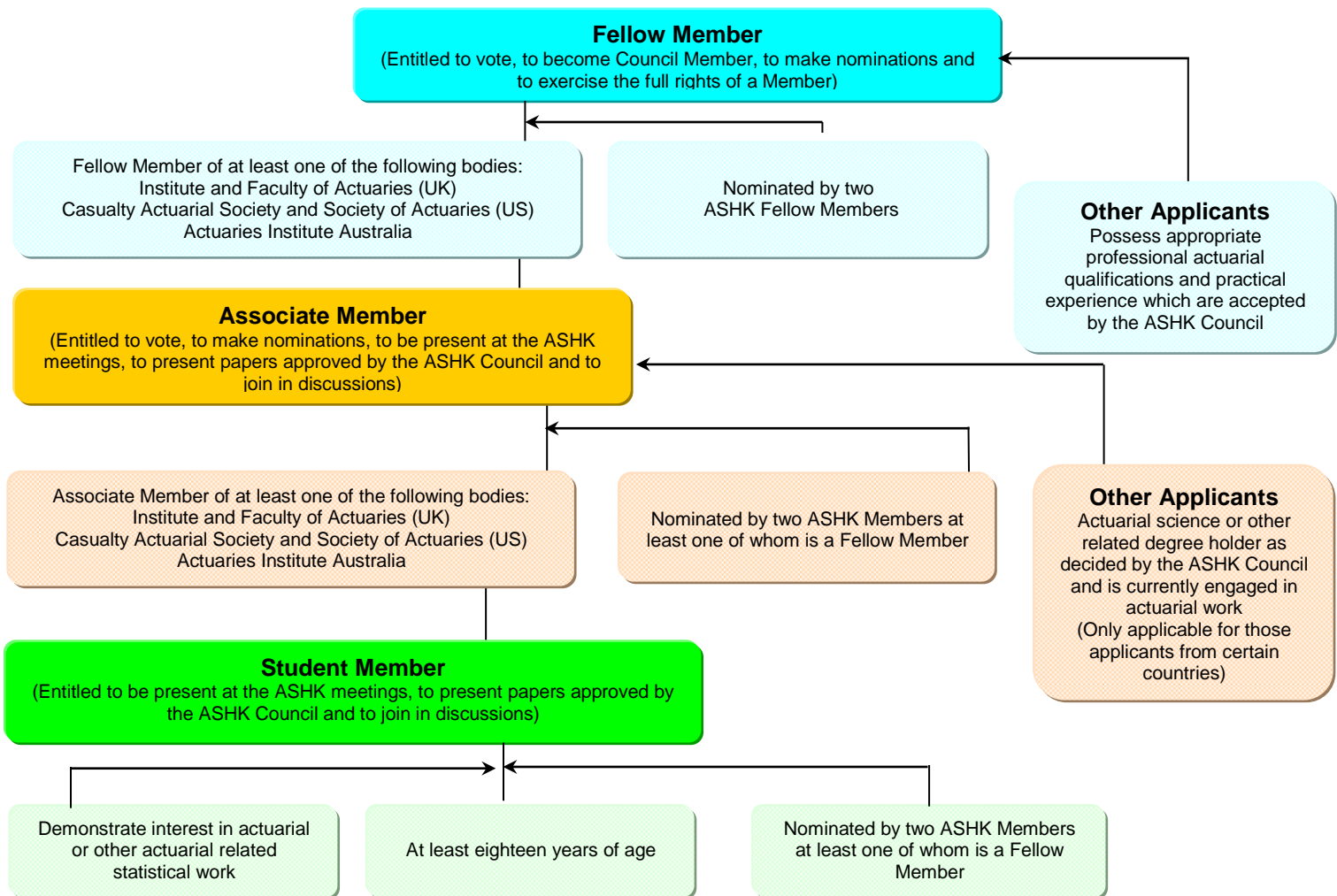
Life Insurance	69.09%
General Insurance	6.55%
Finance/Investment	6.07%
Retirement Schemes	3.99%
General Corporate Management	2.88%
Others (e.g. Education, IT)	7.51%
Undisclosed	3.91%

c) By overseas actuarial professional bodies (Note: Below are estimated figures only as a member may possess more than one professional designation and we only pick their first designation.)

Society of Actuaries	72.09%
<i>[Fellows* (44.03%), Associates* (10.47%) and Students (17.59%)]</i>	
Institute and Faculty of Actuaries	13.50%
<i>[Fellows (9.98%), Associates (0.16%) and Students (3.36%)]</i>	
Actuaries Institute Australia	9.82%
<i>[Fellows (6.63%), Associates (2.29%) and Students (0.90%)]</i>	
Casualty Actuarial Society	1.88%
<i>[Fellows (1.23%), Associates (0.08%) and Students (0.57%)]</i>	
Institute of Actuaries of India	0.49%
Deutsche Aktuarvereinigung e. V. (DAV) (Germany)	0.33%
Het Koninklijk Actuarieel Genootschap (Netherlands)	0.33%
Institut des Actuairees (France)	0.33%
Institut des Actuairees en Belgique (Belgium)	0.25%
China Association of Actuaries (China)	0.16%
New Zealand Society of Actuaries	0.16%
Others / Undisclosed	0.65%

* Some of them may have gained Fellowship/Associateship from Canadian Institute of Actuaries.

How to Become an ASHK Member



The Influence of Actuaries and the ASHK in Industry

Actuaries are multi-skilled strategic thinkers, trained in the theory and application of mathematics, statistics, economics, probability and finance. They have been called financial architects and social mathematicians, because their unique combination of analytical and business skills is used to address a growing variety of financial and social challenges worldwide. Actuaries provide professional services in a wide range of business and social contexts.

- **Life Insurance**

Actuaries have long been recognised for their expertise in managing the solvency of life insurance companies. In Hong Kong, Insurance Companies Ordinance (Cap. 41) requires every insurer authorised to carry on Long Term Business to appoint an actuary to be Appointed Actuary to certify that life insurance companies have sufficient resources available to meet their obligations to policyholders. In addition to this, actuaries in life insurance may find themselves working in a wide range of areas such as product development and marketing, portfolio management, and a range of management roles. Many actuaries occupy management roles in life offices – such as Chief Executive, Investment Manager or Marketing Director.

In 2016, the Life Committee and its working groups had been busy consulting with various parties, including the government and members. Early in the year, the AGN 9 Working Group released a revised version of AGN 9 and Appendix A to AGN 9 after consultation

with members and the Office of the Commissioner of Insurance (OCI). AGN 9 provides additional guidance to Appointed Actuaries when complying with the requirements of OCI's GN 16 on Underwriting Long Term Insurance Business (Other Than Class C Business). The Life Committee continued to actively promulgate its views in dialogues with the government and the industry on the necessity for enhanced investment return assumptions for illustrations. The Hong Kong Federation of Insurers (HKFI) is considering setting up a taskforce 2.0 on business illustrations to discuss ASHK's earlier proposals to implement a framework to control best estimate economic assumptions for illustrations including the possibility of setting caps for returns by asset class.

The AGN 7 Working Group made additional modifications to AGN 7 this year after a round of consultation with members and issued a revised version to be effective 31 December 2016.

The 2016 Appointed Actuaries Symposium, also organised by the Life Committee, focused on a theme of "Navigating through Regulatory and Market Changes". The ASHK had the pleasure of having Mr. John Leung, the Commissioner of Insurance deliver the opening address at the Symposium.

An ASHK Risk Based Capital (RBC) Task Force has been put together to provide input to the OCI on the technical aspects of RBC development. Within the industry, four "Industry Focus Groups" (IFGs) have been formed to provide input to the OCI and its consultant. The ASHK has appointed representatives in each of the IFGs to provide professional advice. The goal is to develop the specifications for a Quantitative Impact Study (QIS) by April 2017.

- **Health Insurance**

Actuaries assist health insurers worldwide to meet their financial obligations despite ever-increasing costs of medical care and accelerating demands for coverage. They are particularly well-equipped to help insurers address the health care needs of the elderly and the chronically ill in a financially responsible way. In the private sector, actuaries are working with other health professionals to model better solutions for private medical insurance, income protection, critical illness, and long-term care insurance. In the public sector, actuaries have long been involved in financial planning for national health services.

Over the past years, the Healthcare Section closely followed industry discussion of the Government-proposed Health Protection Scheme.

The Section also placed more emphasis on education. The ASHK Healthcare Seminar has become an annual event which was successfully held in February 2016, and again received very favorable feedback from the well-attended event. In addition to Mr. Chris Sun from the Food and Health Bureau, the ASHK was pleased to have other experienced subject matter experts from Hong Kong, Singapore, mainland China, and the US to share health-related knowledge and best practices. The continued success of this seminar series highlighted ASHK's crucial role in educating its members and enhancing their interest in the healthcare specialty.

During 2016, members of this Section actively participated in other ASHK events (e.g., ASHK Pensions & Employee Benefits Seminar in September) and also exchanged information with other societies. Mr. Lawrence Tsui, who was our ambassador to the International Actuarial Association Health Section, jointly presented on Global Health Care Cost Drivers in August.

In anticipation of a new tertiary hospital in early 2017, the Healthcare Section invited the Chief Operating Officer of the Gleneagles Hong Kong Hospital to an evening talk in December. It was hoped that ASHK members whose jobs are not closely related to health insurance products or operations can have a chance to learn more about both the clinical aspects of healthcare (e.g., physician credentialing) and financing aspects of healthcare (e.g., package pricing).

- **General Insurance**

Actuaries are deeply involved in the increasingly complex general insurance business, particularly in the areas of pricing analysis, establishing the level of claims reserves and structuring reinsurance programs. Increasingly, actuaries are using sophisticated

modeling techniques to help general insurers plan for and address natural disasters and effects of climatic changes.

To support the professional development needs of general insurance actuaries, the Non-Life Committee organised the 2nd General Insurance & Data Analytics Seminar entitled "Innovating for Success: Insurance Technology and Analytics to Profit and Thrive" on 7 October 2016, attracting another record turnout of almost 100 participants with 23% increase from the 2014 inaugural seminar.

Throughout 2016, the Committee had been maintaining regular dialogue with the Office of the Commissioner of Insurance (OCI) on the recommendations to the Guidance Note 9 on "Actuarial Review of Insurance Liabilities in respect of Employees' Compensation and Motor Insurance Business" and the Actuarial Guidance Note 4 (AGN 4) on "Outstanding Claims Liabilities and Premium Liabilities for General Insurance Business".

A revised version of the AGN 4 was exposed for members' consultation with the final version of the AGN 4 becoming effective for valuations prepared as at or after 1 January 2017.

In addition, the Committee has been representing the ASHK in one of the Industry Focus Groups – Pillar 1 on General Insurance established by the OCI in connection with the further development of the Hong Kong RBC framework.

- **Employee Retirement and Benefit Plans**

Actuaries bring their skills in statistics, mathematical analysis, probabilities and finance to assist employers and governments in providing financial security for the elderly and the retired. Actuaries make recommendations on the adequacy of funding levels for pension plans and provide plan legislation in countries around the world.

The Pension and Employee Benefits Committee supported the ASHK to respond to the consultation relating to Public Engagement Exercise on Retirement Protection in June 2016 and also issued a related press release. In September 2016, the Committee hosted a half day seminar on the theme of "Changes and Challenges in Group Employee Benefits and Pensions" with an attendance of close to 100. The seminar fostered the discussion of the future direction of pension and group employee benefits in Hong Kong.

- **Investment & Risk Management**

The investment actuary is concerned with maximizing returns on a portfolio of institutional assets subject to the need to consider the consequential risks associated with the chosen investment strategy. Actuaries often specialise in the use of mathematical techniques in carrying out the investment process. This results in actuaries being involved in the provision of specialist services such as portfolio management, asset-liability modeling (including stochastic modeling), performance measurement, investment indices, manager selection, quantitative investment techniques, derivatives and risk control techniques for fund managers.

- **ASHK and Public Policy**

Actuaries take seriously their responsibility to the public and recognize that their unique blend of skills can be enormously beneficial when applied to the general public good. The ASHK provides assistance to the Government, analyses legislative and regulatory proposals, advises on social trends and suggests solutions to a wide range of social problems.

Following is a list of consultations to which the ASHK has provided professional input:

Date	ASHK Submissions to Consultations	Regulatory Bodies
25 May 2016	Consultation on Public Engagement Exercise on Retirement Protection	Labour and Welfare Bureau and Subcommittee on Retirement Protection of Legislative Council, Hong Kong

Date	ASHK Submissions to Consultations	Regulatory Bodies
16 Sep 2015	Comments on Actuarial Aspects of Insurance Contracts Project: <ul style="list-style-type: none"> • Indirect participating contracts • Determination of the discount rate • Unit of account • Unlocking the contractual service margin 	International Accounting Standards Board
12 Mar 2015	Consultation on Voluntary Health Insurance Scheme Consultation	Food and Health Bureau, Hong Kong
15 Dec 2014	Consultation Paper on a Risk-based Capital Framework for the Insurance Industry of Hong Kong	Office of the Commissioner of Insurance, Hong Kong
Aug – Nov 2013	Responses to Financial Services Assessment Programme for the insurance sector of Hong Kong	International Monetary Fund and Office of the Commissioner of Insurance, Hong Kong
30 Nov 2010	Exposure Draft ED/2010/8 on Insurance Contracts	International Accounting Standards Board
28 Nov 2011	Exposure Draft on International Standard of Actuarial Practice 1, General Actuarial Practice	International Actuarial Association
11 Oct 2010	Consultation on the Proposed Establishment of an Independent Insurance Authority	Financial Services and the Treasury Bureau, Hong Kong
6 Sep 2010	Exposure Draft ED/2010/3 on Defined Benefit Plans - Proposed amendments to IAS 19	International Accounting Standards Board
24 Jan 2006	Consultation on Revising the Framework for the Reserving of Investment Guarantees for MPF Schemes	Mandatory Provident Fund Schemes Authority, Hong Kong

- **ASHK and Professionalism**

To maintain a high level of professionalism among members, the ASHK regulates actuarial practice of members by issuing Professional Standards and Actuarial Guidance Notes. The codes of conduct for members are currently:

- Professional Standard 1 (PS1): This standard relates to the statutory duties of an actuary in relation to life insurance companies. In particular it is for:
 - Hong Kong appointed actuaries
 - the actuary as a director or in any other position of authority in relation to an insurance company
 - the actuary as internal advisor to an insurance company
- Professional Standard 2 (PS2): This standard relates to the statutory duties of the actuary in relation to Occupational Retirement Schemes – Actuarial Reports and Certifications.

These two standards are enshrined in Hong Kong laws and it is expected that actuaries comply with these standards when completing their certifications.

In addition, the ASHK has issued additional guidance notes (Actuarial Guidance Notes or AGN) which have been passed by members. These are:

AGN	Title	Comment
3	Additional Guidance for Appointed Actuaries	This guidance note deals with the determination of liabilities and solvency margins under the relevant regulations. It has been written to help actuaries advising Hong Kong supervised long-term insurers.
4	Outstanding Claims in General Insurance Note on Professional Practice	This guidance note applies to actuaries preparing estimates of the liabilities for outstanding claims of a general insurer or reinsurer in Hong Kong.

AGN	Title	Comment
5	Principles of Life Insurance Policy Illustrations	The purpose of this guidance note is to raise awareness of the issues the ASHK believe should be considered when preparing and using policy illustrations in the sale of life insurance products.
6	Continuing Professional Development	This guidance note is to ensure that members are fully aware of the aims of the Continuing Professional Development (CPD) program and of their professional obligations regarding CPD. [Withdrawn]
7	Dynamic Solvency Testing	This guidance note applies to the appointed actuary of a Long Term Insurance Company or Composite Insurance Company when preparing a report on the Insurer's financial condition.
8	Reserving Standards for Investment Guarantees	The guidance note aims to provide the members of the ASHK with guidance on steps to be taken in complying with the regulator's Guidance Note on Reserving Standards for Investment Guarantees. [Withdrawn]
9	Best Estimate Assumptions	The guidance note aims to support actuaries to comply with GN 16's requirements.

Statutory recognition for the profession is a long-term goal of the ASHK. During 2016, the Statutory Path Committee made excellent progress towards this fundamental goal. They had numerous meetings with Exco Members, Government officials and members of the Independent Insurance Authorities to discuss the ASHK's position and way forward. They also developed a business case for requiring Appointed Actuaries for Life Insurance Companies in Hong Kong are required to be ASHK Fellows. The ASHK would bring this business case to the appropriate parties and hopefully the ASHK can push for the required change in the regulations.

In addition, the Professional Matters Committee reviewed and revised the CPD requirements for ASHK members over the past two years. Two significant changes were made effective 2016. First, the required hours were increased for actuaries who have a statutory role in Hong Kong and the CPD requirements, previously applicable only to non-retired fellow members, were extended to Associate members. The new requirements were approved by the ASHK Council and adopted by members at an Extraordinary General Meeting on 21 January 2016.

Meanwhile, the ASHK has been working hard to improve and modernise its Articles of Association, Professional Conduct Code and Disciplinary Scheme.

- **ASHK and International Actuaries Bodies**

There is a worldwide association of profession actuarial associations and individual actuaries known as the International Actuarial Association (IAA). Founded in 1895, and reformed in 1998 with a new constitution, the IAA is the worldwide association of professional actuarial associations, with a number of special interest sections for individual actuaries. The IAA exists to encourage the development of a global profession, acknowledged as technically competent and professionally reliable, which will ensure that the public interest is served. The ASHK has become a full member of the IAA since 1999.

The International Committee was charged by the IAA to undertake liaison work with the China Association of Actuaries (CAA) and to encourage CAA's participation at IAA Meetings and the International Congress and maintain harmonious relations with other actuarial societies and the IAA. Representatives from the Council had participated in the CAA Annual Meeting in St Petersburg in May 2016.

The ASHK had the privilege to host the IAA Life Section Colloquium in April 2016 attracting a sizable audience of over 230 attendees from 21 different regions. It was a perfect and exciting opportunity to showcase the importance of Hong Kong as a global insurance centre and the ASHK generally among the larger business community and the international actuarial profession.

Actuarial Education in Hong Kong

Currently, the ASHK does not organise its own examinations. Our members usually take the examination of the various overseas professional bodies like Actuaries Institute (Australia), the Casualty Actuarial Society, the Institute and Faculty of Actuaries (UK) and Society of Actuaries (US).

In 2016, a Curriculum Taskforce was formed to develop the syllabus and study materials for the Hong Kong Practical Education examination scheduled to be introduced at the end of summer 2017. The passing of this examination would be a prerequisite for Fellowship of the ASHK in the future.

Moreover, Society of Actuaries & ASHK jointly produced and co-branded an e-learning module on Regulation and Taxation focusing on Hong Kong. The module has been implemented and officially launched since October 2016.

To enrich students' understanding on the actuarial profession, the ASHK Professional Development Committee continued to deliver career workshops at The University of Hong Kong and Chinese University of Hong Kong in September 2016. The two workshops on experience sharing by working actuaries and interview tactics by human resources personnel of an insurance company were presented to university students.

Contact Us

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