

Actuaries Institute Podcast Title: International Practice Committee practice update podcast

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Speakers: **Brendan Counsell** and Andy Yang

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Introduction:

Brendan: Hello, and welcome to the Actuaries Institute podcast. This episode is part of the Practice Update series, and we'll bring you the latest news and developments from the Institute's International Practice Committee, also known as the IPC. My name is Brendan Counsell, and I am a member of the IPC. Today I'm joined by Andy Yang, who is also a member of the IPC as well, and the chair of the Institute's Asia Subcommittee. Welcome, Andy.

Andy: Thanks, Brendan.

Brendan: The Actuaries Institute's International Committee continues to be pretty heavily engaged with the International Actuarial Association, the IAA, with a number of our members actively contributing to the IAA's committees, forums and working groups. Obviously, the IAA's activities have been significantly impacted by the COVID pandemic, but I'm pleased to say that this hasn't slowed the activities of the IAA nor the regular meetings, which have moved to virtual platforms pretty seamlessly despite the obvious challenges with time zones.

Brendan: The IAA continues to produce a great deal of quality content and original thought leadership, so I would really encourage local members to visit the IAA's website and view some of the resources available there. However, in today's podcast, we'd like to focus the discussion a little bit more on our region and some of the activities that we're focused on in the Asian region, so we've got Andy here to talk to us about that. So, Andy, maybe to start us off, could you tell us how Asia fits into the Actuaries Institute?

Andy Yang: Sure, Brendan, thank you. Asia is relevant to the Institute, 12% of our members are based in Asia. Our statistics show that Hong Kong hosts the third largest group of Australian actuaries, and in addition, China, Singapore and Malaysia are on the top 10 list. The Asian insurance and financial markets are growing, due to Asia's relatively youthful demographics and increasing middle class. In many markets in Asia,

demand for actuaries still exceed supply. China, for example, is the second largest insurance market in the world and it is growing strongly. We think they will need many actuaries and we would like Australian actuaries to be part of that growth.

Brendan: **Okay, great. Who in the Actuaries Institute has been working on Asia, Andy?**

Andy: Our volunteers and HQ have been working on Asia. I would actually like to take this opportunity to thank them all for the help. We have the Asia Subcommittee that was formed as part of the International Practice Committee and its membership is, in Hong Kong, which includes, me, Steve Hui, Iris Lun, Andrew Tang, and Kitty Chan. In China, we have Robert Chen. In Singapore, we have Shannon Lin and Nick Li. In Malaysia, we have Sim Ng and Eng Hun Yeoh. In Australia, we have Fred Rowley and Jules Gribble. Also, Bryan Tong in Singapore, Wing Lam in Malaysia, Avanti Patki and Michael Storozhev have offered to help us from time to time.

Andy: There's a connection to council, Fred has been a previous councillor, as have I. We have Steve, Iris and Jules currently on Council. Other people on Council have worked with Asia, such as Annette and David. If you didn't know, we have a joint office in Hong Kong, which is shared with the Actuarial Society of Hong Kong, the ASHK, the Society of Actuaries, the SOA, the Casualty Actuarial Society, CAS, and the Institute and Faculty of Actuaries, IFOA. Kitty Chan works full time for the Institute, as Asia Liaison Manager. HQ led by Elayne have been very supportive of improving our engagement with Asia. So, with everyone's help and Council support, the Asia subcommittee has contributed to the Asia strategy of the Institute and its implementation.

Brendan: **Thanks Andy. Certainly, very grateful for all the contributions of those people and the Asia Subcommittee. I think they do a fantastic job. You mentioned the strategy and its implementation with respect to Asia, Andy, could you tell us what is the strategic plan and maybe a little bit about that?**

Andy: The strategic plan with a focus on four areas. One, is member engagement. The second, is a CPD offering. Three, is to improve the student returnee experience and retention. And the fourth, is operational improvement.

Brendan: **Okay. How about the first point, you mentioned the member engagement?**

Andy: Member engagement means that we connect and stay relevant with our membership in Asia. We do this with Asian focused articles, podcasts, chat groups, and Zoom meetings or webinars. We have issued various articles and podcasts with an Asian focus to share the success stories of our members in Asia. We originally wanted to build local communities by

social gatherings. However, due to the pandemic, we currently reach out on social chat groups.

Andy: We have a WeChat group for China, as well as WhatsApp groups for Hong Kong, Singapore, Malaysia, and other Asia. That's for our members in Indonesia, Thailand, Japan and so on. We use these chat groups as a platform to advertise our events, introduce new members that are arriving in that country, or joining, to ask questions, exchange information, and get quick informal feedback. For example, who's working from home, how do you model something?

Andy: We would also like to use it to advertise jobs that may be available from time to time. We were happy to see students in China arranging self-help study groups, and we would like to see more usage. We invite actuaries to join and use these chat groups if they have an interest. We recommended the presidential trio and other senior members to travel to Asia and stop over when they attend global conferences, but this hasn't worked out, due to the pandemic again. So, by Zoom, our president Hoa has spoken to some senior actuaries in Asia and she also held a virtual Presidential Tour.

Brendan: Great, thanks Andy. What about the second point? The CPD offering. Obviously CPD is a really important focus for the Australian Institute. Can you tell me more about that?

Andy: Sure, we want to provide more Asian focused CPD to improve its relevance for members based in Asia. We are doing this virtually and the speakers tend to be Pan-Asian. Historically the Institute has collaborated with local actuarial associations, such as the Actuarial Society of Hong Kong, the Singapore Actuarial Society, the Actuarial Society of Malaysia and so on, to hold joint events, and we will keep doing this.

Andy: But due to the pandemic, we've pivoted to virtual events and by doing so, we can reach out to a wider audience. For example, we have invited Malaysian University Actuarial students who may not be aware of our Institute. Australia is a popular destination for postgraduate education and exchange programs. So, we hope that some may be encouraged to continue the actuarial education in Australia. So far. We have hosted two virtual insights from Hong Kong. We can easily facilitate a panel with speakers from different locations.

Andy: Pan-Asian speakers allow us to make the topic relatable to a wider audience. Panels also mean that as part of a team, the speakers can contribute, but share the burden of preparation with others. Virtual meetings, much like your comment about IAA means that it should be more possible to engage with all our overseas members. Distance becomes less of a barrier, but time zones, I agree will remain one.

Andy: As a side note, I think that in addition to presentation and communication skills, the future actuary is likely to need some Zoom or videography

skills, about lighting, camera setup, sound and so on. Anyway, we hope these CPD efforts will be more meaningful to the members in Asia. We encourage members in Asia to volunteer and to take part (1) to meet their CPD requirements (2) so members in Asia have an influential voice and (3) the Institute does not accidentally end up being Australian centric.

Brendan: **Yeah, great. I certainly agree there with you, Andy, on the Zoom and videography skills, they're important skills in this new world. Besides member engagement and CPD, could you expand on the third point, you mentioned there improving student returnee experience and retention?**

Andy: We want to increase the Institute's connection with students, particularly the international ones. We believe the connection with the actuaries of the future should start early. A key part of this are the eight universities in Australia and New Zealand, which teach the future actuaries. So, we aim to reach out. We would like to encourage international students to join the Institute and to sit for, and hopefully pass exams while they are still in Australia. Through our chat groups, we will hope to encourage students to get together in the various countries for study groups or tutorials. We are happy to share what it is like to work in Asia.

Andy: In Australia, we are engaging with Australian Wall Street, a group of finance professionals and university students to reach out to the students via events and articles. We've set up a WhatsApp group for Australian actuarial university students. As this community grows, we hope we can use it to reach out to get feedback, have discussions, perhaps even share internships and job opportunities on it. Particularly those from Asia. Finally, we are looking to set up the Asian chapter of the YAP, the Young Actuaries Program.

Brendan: **Great. They all sound like really good initiatives, Andy. Maybe then just on the final point that you mentioned, the operational improvement, can you tell us a bit more about that?**

Andy: Sure. We want to improve the user experience for Asian members. We'd like to provide a better and friendlier member service with fewer technical issues for Asian based members. I'd like to take the opportunity to ask everyone to please check their data on the website. The Institute relies on members' personal data to customise its communications. So, it is important to update your personal record as you move from location to location.

Andy: Otherwise, you may, for example, be incorrectly categorized in the wrong country, which means that we may not know to ask this Institute, to allocate the right level of resources to support you. Online exams will start in semester two, meaning that students in different locations will have a fair go as everyone's treated the same. Many students will probably end up taking the exams alone. Exam halls may become a thing of the past for us. So, this helps with COVID safety.

Brendan: Great, and that's probably a good segue into the next question I wanted to ask you, Andy, and I guess we can't really have a podcast without discussing the topic of COVID these days. So, could you make some comments or give us a bit of an update about COVID and how that's impacting Asia?

Andy: I think generally, Asia seems to have been tougher on managing COVID and it is possibly more effective than many other regions. Generally, Asia seems to be coming out of it, touch wood, but at different speeds. Feedback from China is that it is pretty much BAU there. On the other hand, we in Hong Kong are experiencing our third wave, but things are improving. I saw a recent report that Malaysia was thinking of opening its borders with Singapore, by the end of the year, but I see they still have clusters of COVID popping up.

Andy: So I view that in the future, the use of "Western" in inverted commas, Western models or mortality and morbidity should be used with care in Asia, as behavior is clearly different. Even within Asia behavior is different from country to country. Some of us have concerns of low or negative interest rates coming and what this means for insurers over the longer term, in terms of guarantees product design and capital, we will hold a virtual insight session on this shortly.

Andy: Like everyone else I think actuaries in Asia, have adapted to work from home. However, we are seeing new developments associated with work from home. One, back problems due to home offices not set up in an ergonomically friendly way. I saw someone mention that kitchen tables are about 15 cm lower than an office desk, which can cause serious injuries. Two, eye fatigue for those working on laptops, small screens and three, injuries or accidents at home as people try new things like starting to exercise at home, whether without the right equipment or doing exercise without a proper warmup or think that they're younger than they actually are.

Andy: There also been accidents when people try to cook at home. So, we've seen some insurance companies offering employers work from home coverage. COVID has certainly forced digital transformation acceleration upon companies. Insurers who have digital capabilities be it for distribution or customer servicing have reported significantly high pickup of digital services.

Andy: In the early days of COVID, with some countries in lockdown. We see that governments treat insurance in varying ways. In some market's insurance, along with banking is deemed essential services while in others, insurance is not. So, this has impacted basic customer services, such as premium collection and claim servicing. Premium collection, for the simple reason that some customers are unable to pay premiums by turning up to the offices or have not set up an electronic premium payment facility. In some markets, regulators have requested that insurers lengthen the grace period for customers to pay premiums.

Similarly, we have seen reductions in medical claims, as more elective procedures are being deferred, either voluntarily or enforced by the hospitals to cope with COVID.

Andy: In addition, with the economic fallout from COVID, we are seeing increases in lapses and surrenders. In one country, a member mentioned to me that lapses have increased for small and midsize policies but are stable for large policies. So, actuaries need to take all these into account when they're reviewing 2020 experience. My key message is that actuaries need to be careful with the data available, understand the surrounding circumstances and try as far as possible, to distinguish temporary short-term trends from the true long-term trends.

Brendan: Thanks, Andy. Some really good insights there. I think there's plenty that we can learn in markets like Australia and New Zealand from some of the Asian markets and some of the experiences they've had with COVID. So yeah, really good insights. Is there anything else you wanted to mention before we wrap up, Andy?

Andy: Yeah, I'd like to mention a couple of things. One, is that to me, Australian actuaries seem to be much more diversified by practice area compared to other examining bodies. In Australia, we see that in Asia, the data analytics is a growing area and we see many successful stories of our members, switching fields, particularly in business analyst type roles. That is, the interpretation of information and the understanding of business and commercial issues.

Andy: In other places across the world, we see an increasing number of partnerships between insurance companies and technology companies in Asia. Some Southeast Asian examples would include Chubb and Grab that's a leader in on-demand transportation and Fintech platform in Southeast Asia. Two, would be a Great Eastern's investment in a venture with Axiata. That's a telco that is expanding in digital financial services. Three, Digi Telecommunications is teaming up with Axa Affin life insurance.

Andy: Four, AIA's partnership with Holmusk. That's the global data science and healthcare technology company. Five, Prudential's collaboration with a UK digital healthcare startup, Babylon Health, and a telemedicine provider, MyDoc. In Hong Kong, the insurer insurtech relationship is partly regulatory driven. The insurance authorities sandbox requirements require a licensed insurer to sponsor the insurtech firm. So, the virtual life insurance fast track licenses required establish insurer as an investor or shareholder. For example, in Bowtie, that would be SunLife.

Andy: We would like to encourage members in Asia to participate in Institute activities and to consider running for council elections so they can contribute an Asian perspective to the future of the Institute as the world continues to evolve. Now, before I sign out, Brendan, if I could ask you a question, what do you think of Asia or what's your worldview about Asia?

Brendan: Yeah, that's a great question, Andy. Maybe if I can bring it back to my comments at the start of the podcast. So if I look at the International Actuarial Association and the meetings I attend there, probably one observation that I would have is some of the Asian countries are probably a bit less engaged in the IAA than other countries, for example, the European Union or North America.

Brendan: So, I think because in that forum there's a little bit less engagement, I think that makes it even more important that we, we do engage with our Asian friends and neighbors in this part of the world and as you've sort of set out on the podcast Andy, there's some great things that we can learn from each other on some of the examples that you've mentioned on COVID and Insurtech, et cetera. I think there's, a lot that we can learn from each other.

Brendan: Okay, thanks very much to everybody who has listened to this podcast, we hope you enjoyed the discussion. If you would like to listen to more Actuaries Institute Podcasts, please visit the podcast section of Actuaries Digital as always write in with your questions and comments on the podcast. We would, very much love to hear from you. My name is Brendan Counsell. Bye for now.