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ACTUZINE 精誌

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ACTUZINE 精誌

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While all contributions are welcome, we would especially like to receive submissions for the Feature Articles section. If you have written anything inspiring or have read any interesting articles from other actuarial organisations, feel free to let us know. We will try to reprint them in our magazine.

Email your articles or views at info@actuaries.org.hk.

Message from the editor

Welcome to the first ASHK ACTUZINE in 2026.

In this issue, we invite you to explore a rich tapestry of insights that may cover some hot topics among the actuarial community this year. These include Private Credit written by Warren Fok and Gavin Conn, Counter-Cyclical Adjustments on HKRBC systems by Greg Solomon, The Guarantee Dilemma by Jateen Vaghela, as well as IUL Part 2 by KPMG and Aon. Julian Man and Amy Chan from Milliman also contribute a thoughtful piece on how Discount Rate Adjustments Shape Insurance across Asia.

We are delighted to feature the Celebrity Actuary Interview with Raymond Tam, paired with our Throwback Special — a wonderful opportunity to celebrate the inspiring journeys and legacies that have build our actuarial community.

We also would like to express a heartfelt thank-you to everyone who joined the ASHK Appreciation Lunch 2026 on 24 March and congratulations to our 2025 Volunteer Awardees!

Last but not least, we highly encourage you to participate in the upcoming ASHK events: the ASHK Webinar and GI Forum with networking event, ASHK Certificate Equivalent Course and Tennis networking event - all event details and latest updates can be found on the ASHK website.

Happy reading! ■

PRIVATE CREDIT

Regulatory Treatment in Various Jurisdictions

Defining private credit

Private credit is a broad term for non-bank lending that is that is privately negotiated but neither publicly traded nor issued. It is an evolving asset class that includes private corporate lending, notably to middle-market companies owned by private equity, but can also include various types of private financing of real estate and infrastructure projects, as well as private loans against a vast array of assets.

The global trend of insurers increasing their asset allocation toward private credit is forecast to continue, with a well-documented rationale. Indeed, in the U.S. and Europe, private credit has transformed from a niche to a mainstream asset class for insurers.

The momentum behind private credit is expected, by some market participants, to continue, as investors search for yield and look to diversify returns[1]. In the Asia-Pacific region, direct lending is largely intermediated by banks, with private credit likely to gain further traction as insurers deploy their capital to private markets.

[1] 2026 Outlook – Growth to accelerate, along with complexity and liquidity risks, Moody's Ratings, 21 January 2026.

A primary driver of increased investment in private credit is the extra yield investors expect to earn, above that of public credit, deemed a reward for the additional illiquidity and complexity of the assets.

Exhibit 1 shows expected return and volatility for a range of asset classes, including private credit, based on Moody's real-world Economic Scenario Generator calibrated at the end of June 2025. The assumptions for private debt and other alternative asset classes, such as infrastructure debt and commercial mortgage loans, include an estimate of the illiquidity premium, based on consensus estimates from a survey of asset managers and investment consultants.

Exhibit 1: Expected return and volatility by asset class

Given the somewhat illiquid nature of life insurance liabilities, from an asset and liability management perspective, there is a sound rationale for insurers to benefit from the illiquidity premium available on more illiquid assets. The yield enhancement may also be ascribed to a structural complexity or arising, at least in part, due to information asymmetry.

Furthermore, assets such as middle-market lending and real estate lending, may provide a source of some diversification, when held alongside traditional asset classes such as equities and corporate bonds.

That said, reasons why some companies are more cautious about private credit include the possibility of default spikes in downturns and the lack of a secondary market.

In addition to an estimate of expected yield, assessment of the return on capital (RoC) requires an understanding of the regulatory regime. The regulatory treatment of private credit differs across the globe, and this article provides an overview of these differences – with a focus on Hong Kong. To assess the RoC it is necessary to estimate the impact on required capital and available capital. The former is driven by the regulatory capital charge and the latter by the size of the reserve.

Regulatory capital charge

One of the key inputs to investment decisions is the regulatory capital charge. In this section, we compare the Hong Kong Insurance Authority Risk-Based Capital (RBC) regime with regulatory regimes of the U.S., European Union, and Bermuda. Since private credit may not be categorized as an asset class in its own right, we zoom out and focus on fixed income assets and the capital charges applied under the standard method, e.g. the Solvency II Standard Formula in Europe.

Exhibit 2: Treatment of fixed income assets [2]

	U.S. RBC	Bermuda BSCR	Europe Solvency II	Japan	Hong Kong RBC
Use of duration in capital charges	No	No	Yes	Yes	Yes
Differentiated treatment for structured assets	No	No [a]	Yes	No	No
Differentiated treatment for bond seniority	No	No	No [b]	Yes	No

[a] Under the Bermuda BSCR framework, capital charges for CMBS/RMBS differ from charges for other fixed income securities, but the differences are less significant than they are in Europe
[b] Solvency II differentiates between senior STS (Simple, Transparent and Standardized) securitizations and non-senior STS securitizations, but not for other fixed income assets.

As shown in Exhibit 2, one of the main differences across regimes is how duration is accounted for. In Europe, Japan, and Hong Kong, capital charges for spread risk vary with instrument duration; therefore, higher capital charges are applied to longer duration instruments.

Exhibit 3 compares capital charges for fixed income across regulatory regimes. These capital charges are pre-tax, pre-diversification, and asset-side only, i.e., before any offsetting liability impact arises from a change in the matching adjustment, which may be applicable.

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[2] Exhibit 2 from: Regulation contributes to material differences in private credit allocation, Moody's Ratings, 15 May 2024
[3] Exhibit 8 from: Regulation contributes to material differences in private credit allocation, Moody's Ratings, 15 May 2024

Exhibit 3: Comparison of spread risk capital charges [3]

	U.S. RBC	Bermuda BSCR	Europe Solvency II	Japan	Hong Kong RBC [3]
Corporate bond – A-rated – 5 years	0.80%	1.50%	7.00%	2.10%	8.80%
Corporate loan – unrated – 5 years	30.00%	35.00%	15.00%	12.50%	17.50%
Corporate bond – A-rated – 10 years	0.80%	1.50%	10.50%	3.20%	14.50%
CLO – senior – A-rated – 5 years	0.80%	1.80%	83.0% [4]	2.10%	8.80%

All capital charges are on a pretax pre-diversification basis.
[3] Under the spread risk module, Rule 48, stresses are expressed as additive stresses to spread levels. These have been approximately converted to a relative impact on the fair value of the security based on duration.
[4] Based on the existing spread risk charges.Revised charges will apply from January 30, 2027: 22% for 5Y senior non-STS A-rated.

Under the Hong Kong RBC, securitized assets do not incur any additional capital penalty. Exhibit 3 shows the differential treatment in Europe for structured assets, including collateralized loan obligations (CLOs). Capital charges for these assets are much higher under Solvency II than in the U.S., Bermuda, Japan, and Hong Kong regimes. However, changes to Solvency II are due to come into force on January 30, 2027, which are likely to significantly lower the standard formula capital charges for securitizations.

Recognition of the illiquidity premium

When assessing the attractiveness of private credit from a capital efficiency perspective, the regulatory capital charge is not the only factor to consider. The discount rate on the corresponding liability is also a key factor, as it directly impacts an insurer's liabilities and thus the available capital. The more insurers can discount their liabilities, the stronger their solvency ratios are.

Like other regulatory regimes, such as Solvency UK, the Hong Kong RBC permits the matching adjustment which allows insurers to incorporate an uplift to the liability discount rate in recognition of the spread which the insurer expects to earn on the backing assets.This creates an opportunity for insurers to invest in high-yielding assets, including more illiquid securities, as holding these assets can reduce liabilities and therefore increase available capital.

There are differences in how regulatory regimes have implemented matching adjustment (MA) or spread uplift. These differences relate to liability eligibility, asset eligibility, and matching requirements and constraints. In the UK, the matching adjustment applies only to fully illiquid liabilities and therefore applies mostly to annuity writers. The backing assets must satisfy eligibility requirements regarding the predictability of cash flow and strict matching requirements. In Bermuda the scenario-based approach (SBA) permits insurers to discount using the actual investment yield, net of credit risk, subject to good cash flow matching

Under Hong Kong RBC, other assets, including equities and real estate investments, are also eligible for long-term adjustment (LTA) if they back eligible long-term liabilities. Compared to other asset classes, this diminishes the relative benefit of the higher liability discount rate that applies when investing in private credit.

In the US the reserves for products such as life insurance and annuities are based on statutory accounts and calculated using prescribed rates. The discount rate does not contain any adjustment for illiquidity premium.

Risks and challenges

There are many challenges associated with investment in private credit. Some of the key risks to consider are:

- **Valuation uncertainty:** By definition, valuation is more challenging for private credit as there are no readily observable market prices, and typically, private debt does not trade. Post-issuance, valuation often looks to the public credit markets with adjustments made to reflect changes in the borrower's creditworthiness, the financial covenants in place, and an estimate of the illiquidity and complexity premium.
- **Internal ratings:** As the securities are typically unrated, it is important to have a thorough credit risk assessment process in place. This requires experience with ratings methodologies and data to calibrate credit risk models. Compared to public markets, private markets are typically less well understood and therefore, insurers may decide to build up their expertise to enable an evaluation of the risks. Insurers may also look to develop new processes to facilitate ongoing monitoring of the issuer and, if necessary, re-rate the holding. For larger issuances and/or more complex investments, a formal external rating may be obtained.
- **Illiquidity risk:** There are limited secondary markets and insurer's allocation to the asset class should consider this lack of liquidity. If accessed via a fund, the insurer is exposed to any redemption restrictions and the risk of delayed adjustments to net asset value (NAV).
- **Calibration of models:** Data is more difficult to obtain, as the loans are usually private. This presents a challenge for both valuation and credit risk assessment, e.g., analysis of historical default rates and loss given default. Given the lack of public indices, insurers could look to their asset manager for deal flow data or consider participating in data consortia.

This article has compared regulatory regimes globally to highlight the key differences in the context of private credit.

For long-term liabilities, the Hong Kong RBC framework includes a matching adjustment which positively impacts an insurer's available capital by recognizing the illiquidity premium on private credit. The capital charges for spread risk increase with asset duration but are broadly in line with other economic capital regimes, such as Solvency II. Internal credit rating assessments are permitted, subject to regulatory approval.

Together, these rules mean that, from a regulatory perspective, we do not observe significant restrictions, though individual circumstances may vary.

Nevertheless, there are still many aspects to consider before making a material change to the allocation to private credit. Data and systems are required to quantify the credit risk inherent in the assets and this will typically involve internal credit assessment for the assets.

Insurers should consider moving beyond broad risk buckets to a more granular approach, which enables them to understand what truly drives their portfolio risk. To achieve this, the credit risk system should model individual holdings and identify areas of concentration risk.

Insurers may look to adopt a unified approach to modeling market and credit risk on a single platform, capturing both diversification within credit risk and diversification across credit and market risk. As insurers review their credit portfolios and investigate alternative asset classes, they may also seek to review their credit models as a means to obtain deeper insight into the risks and capital impacts.

COUNTER-CYCLICAL ADJUSTMENTS

HK RBC Shouldn't Break More Than It Fixes

We don't know when markets will crash, by how much they will crash, nor how long they will take to rise back up again.

But we do know that markets *will* crash. Repeatedly.

That's why, in most risk-based capital (RBC) systems, there is a requirement for insurers to hold capital sufficient to withstand specified market stress scenarios (e.g. equity shocks).

But there is a problem with market crash stress tests: in bad times they can make an insurer's solvency worse, they might cause them to become forced sellers of equities, and they could possibly lock in losses that otherwise would have naturally unwound.

That is exactly why many RBC systems also incorporate a "Countercyclical Adjustment" (CCA), a mechanism designed to soften the blow when markets dive, in order to help insurers avoid making things worse just when stability is already under threat.

This was built into HK's new RBC when it went live, and is currently under consultation by the Insurance Authority. It therefore seems a good time to write about what CCAs are and how they work.

What's your problem?

In a simplified world, let's say a hypothetical insurer holds just enough assets to cover its liabilities and required capital: $A = L + C$

C will include various components, one of which is an amount based on the value the insurer will lose during an equity market crash. This means, if markets do indeed crash, at least they will still have $A' > L'$ (the dash representing post-crash), because C can absorb those losses (and more).

However, if the solvency calculation including stress test is repeated during the market crash (we'll use a double-dash here), we will find that now $A'' < L'' + C''$. This is because initially, their assets were just enough to be able to withstand a market crash, but now that there has been a crash, and the RBC framework requires that they still have enough capital to withstand yet another crash. Clearly there is going to be a shortfall.

One-dimensional solution #1

You might think that companies should thus manage their balance sheets in order to be able to withstand a crash plus a subsequent crash – so that even after the actual crash, they will still have enough money to remain fully solvent after a stress test is applied (before markets recover).

The problem is that HK RBC is built around "1-in-200 loss events", so forcing a company to hold a full 1:200 capital after a 1:200 crash is the equivalent of making them hold 1:40000 capital (although probably closer to 1:5000 to 1:20000, given dependencies in the tail).

This is not what RBC was designed to do. And this is not what companies want to do, because holding excess capital is expensive. So insurers may prefer an alternative approach rather than just holding double market crash capital.

One-dimensional solution #2

Alternatively, to avoid holding this double-crash capital, the insurer might have a policy to immediately sell their equity assets after a significant market crash, so that a subsequently-applied equity crash stress will have little impact on the insurer's solvency, because they are no longer holding any equities.

This also partially solves the problem, but again it's a very one-dimensional solution, because a lot more is happening than just simply ending up with "enough assets".

What else goes wrong?

We know that in general there is a degree of longer-term mean reversion in market values. Therefore, after a major crash, we might expect some degree of 'bounce'.

If an insurer has to sell equities in a crash to become less vulnerable to the impact of the subsequently-applied market crash scenario, then one adverse outcome is that as forced sellers (just to remain solvent) they are selling at the worst possible time.

Not only might they be locking in temporarily weak sale prices, but by being completely out of equities, if markets start to rise again, they will not benefit at all

from this rise, leaving them with a substantially weaker balance sheet than if they could have avoided the forced sale in the first place.

And since insurers operate in the same markets as other insurers, if they are all being forced to sell their more volatile assets at the same time, then that could further drive asset values down – making the crash even worse than it would otherwise have been. This could drive a vicious cycle of greater price falls, weaker solvency, more forced selling, greater price falls … right to the bottom.

Indeed, according to section 4A(1) of the Insurance Ordinance, the principal functions of the IA include regulating and supervising the insurance industry for the promotion of the general stability of the insurance industry.

And if HK RBC causes forced selling in down markets, or causes other pro-cyclical behaviour, it could undermine the IA's objective of promoting industry stability.

The HK version of CCA

Since the CCA is a new concept for HK's capital regime, actuaries currently have the option of either using it, or simply setting it to zero for now. There are some discussions taking place between the regulator and industry, and it might become a required mechanism once some open points are agreed.

The term "countercyclical adjustment" (逆周期調節) is defined in the Insurance (Valuation and Capital) Rules as "the adjustment reflecting risk arising from changes in the level of equity prices, which is based on a function of the current level of an appropriate equity index and a weighted average level of that index". It is an additive adjustment to the equity stress parameter.

The formula, the choice of index, and the historical period are not included in the actual regulations, but rather in so-called "CCA Generation Tool", which was distributed to the Appointed Actuaries, according to specifications from 2021.

The basic formula makes the calculated CCA proportional to $(CI - AI)/AI$, where CI is the current price of the chosen equity index, and AI is the weighted average of the index over a period.

There is currently a clause within the "Risk capital amount for equity risk" clause of the regulations which limits the calculated CCA: "the countercyclical adjustment is capped at 10% and floored at -10%".

Note that the CCA formula can result in a reduced equity stress (when markets have already fallen below their historical average); or an increased equity stress (when markets are inflated relative to their historical average).

A consultation paper came out from the IA earlier this year, one of the topics of which is to change the CCA spec in the regulations so that, rather than hardcoding the limits at ±10%, the cap and floor will be "values specified by the Authority from time to time in a notice published in the Gazette".

This seems sensible, giving the IA greater flexibility to deal with unusual market conditions. After all, there is nothing "usual" about market crashes (other than the fact that they are guaranteed to keep happening in future).

Impact of the CCA

The parameters in the CCA aren't really enough to fully eliminate the need for double capital, since the current 10% adjustment is much smaller than the 40% stress required for listed equities, but it does help. Furthermore, given the extensive use made of par business in HK where bonus declarations are somewhat discretionary, the need for a CCA may be less important.

That said, the CCA may reduce short-term noise in solvency status, and may also support management making decisions based on a longer-term view, not just reacting to equity market movements.

This would indeed promote a more stable insurance industry in Hong Kong. ■

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Are you **passionate** about your actuarial work and eager to expand your professional network? Join the Editorial Board of Actuzine, the ASHK actuarial magazine that reaches a broad and diverse audience within the industry. As a volunteer editor, you'll have the chance to work alongside contributors ranging from enthusiastic university students to seasoned actuaries with decades of experience. This collaborative environment offers a unique opportunity to exchange ideas, gain fresh perspectives, and build meaningful relationships beyond your current workplace.

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THE GUARANTEE DILEMMA

Part 2: The Asian Reckoning

Background

If there is one thing we actuaries are built to understand, it is time. In life insurance, time isn't just a dimension on a liability cashflow model, it's the source of our deepest challenges and conflicts.

My first article (‘Part 1’), titled ‘The Guarantee Dilemma – Push Now, Pay Later” was published in The Actuary (see the Jan/Feb '26 online edition). In that article, I discussed how a promise made today, embedded in a complex product, can morph into a financial burden decades later. I call this the ‘Guarantee Dilemma’: the first management team is rewarded for writing business today, while the actual cost of the product they sell may only materialise under a second, future team’s watch.

“This is more than a business cycle phenomenon; it’s a systemic flaw. It’s a classic Principal-Agent problem, mixed with powerful behavioural biases, playing out across the balance sheets of insurance companies globally. And while history provides stark warnings, ***new variations of this dilemma are emerging right now,*** *particularly in Asia’s rapidly evolving markets, demonstrating that our industry continues to grapple with these lessons.”*

Having spent the last several years working in Hong Kong and in markets across Asia, I am increasingly convinced that the **next great test of the 'Guarantee Dilemma'** is being written on Asian balance sheets today.

So, in this follow-on article, I shift the focus to Asia, specifically the Hong Kong and mainland China markets (though some of the thematics are relevant for other Asian markets).

Introduction

The Hong Kong and mainland China insurance markets are a wonder of modern finance. They have harnessed the region's savings propensity and turned it into a growth engine. It is a story of explosive growth, fierce ambition, and a complex web of promises.

The protagonists are different; the products have new names and features. Yet the underlying dynamics, such as the triumph of short-term incentives over long-term prudence, the opacity of complex promises, and the seduction of market share, feel hauntingly familiar.

This is not a prediction of an imminent crisis. It is a plea for vigilance and actuarial rigour. As management guru Peter Drucker warned, *"Long-range planning does not deal with future decisions, but with the future of present decisions"*.

The decisions being made in some Asian boardrooms today are creating a future that may be fraught with risk.

We discuss three key dilemmas, principally from a policyholder's perspective. Subsequent articles will address other perspectives, particularly those of investors and shareholders.

1. **The Illustration Mirage**

Sitting with your agent in a coffee shop in Hong Kong, they will present a glossy, sales illustration which shows a future of compounding wealth, smooth returns, and financial security. Typically, the focus here is on Participating ('Par') products.

For material in-force books written over the past decade, **sales illustrations were often aggressive**, frequently projecting returns north of 8% p.a. (with generous guarantees) compounding over decades – a powerful savings narrative for the customer.

In anticipation of regulatory changes, January 2023 for IFRS 17, June 2024 for Hong Kong Risk Based Capital ('HK RBC'), and with yields hitting a low point, Hong Kong-based insurers quietly turned down the dial on the guaranteed portion whilst maintaining overall premium growth. However, in doing so, they had to up the focus on non-guaranteed illustrations (some would call a *'soft'* guarantee).

The Milliman Asia Insurance ALM Survey (2025) cites managing **Policyholder Reasonable Expectations ('PRE') as the foremost issue for insurers.** Investment performance over this period has been mixed and heavily divergent.

To curb this optimism, the Hong Kong Insurance Authority ('HKIA') introduced a Practice Note on Illustration Rate Caps (effective from July 2025), limiting the maximum illustrated internal rate of return to 6.0% for HKD-denominated Par policies and 6.5% for USD-denominated policies. The benefit is clear: it tempers the competitive urge to over-promise, levelling the playing

field, thereby protecting future policyholders. Top tier firms understand these rates to be a floor and not a target. I have written several papers for this publication that discusses Asset-Liability-Capital Management ('ALCM') and the interplay of product development and ALCM. Putting in place those foundations during product development stage, will allow a firm to outperform these metrics.

Yet, for legacy books, the dilemma remains. To meet those towering historical illustrations, the Second Management Teams must aggressively optimise their investment strategy. **When actual returns fall below those expectations, originators are forced into a difficult corner.** To bridge the gap, they must consider increasing their allocation to higher yielding and higher risk assets, enhance their Strategic Asset Allocation ('SAA'), whilst seeking to limit material expansion of capital utilisation, which would drive up the overall cost of maintaining these in-force products. Luckily, there are pools of talent (and tools) in the region to support advanced ALCM to help navigate these issues.

It is a precarious balancing act: **stretch for yield within acceptable capital utilisation.** If investment returns fall short, the subsequent management team will face a crisis of legitimacy and trust, if not a crisis of solvency in the extreme. Policyholders will demand an explanation beyond technical points such as smoothing mechanisms. They will ask a simple question: *'Where is my money?'*

2. **Complexity as Opaqueness - the Maze**

Insurance products are sold, rarely bought. Even in the sales brochures, the required simplified language carries product complexity and financial ambiguity. The double-click into the investment strategy is missing particularly for investment savvy customers. The downside or volatility of unfavourable outcomes for the customer is not as transparent. The source of benefits (bonus declarations) appears opaque. The mechanism for sharing profits between shareholders and policyholders is buried in policy documents that no policyholder will ever read.

Should **underperformance occur**, the policyholder will seek a meaningful way to **understand why**. And if they can't, we can expect to see higher lapses, complaints to regulators, and significant reputational damage - at the extreme possibe lawsuits.

In Hong Kong, the primary metric for managing PRE is the Fulfilment Ratio. Under Guideline 16 ('GL16'), Hong Kong insurers must disclose these on a historical basis. This is well-intentioned but has limitations. It tells a policyholder that a product achieved only 98% of its illustrated returns over five years, but it does not explain why. It cannot capture whether the illustration itself was built on heroic assumptions. Neither can it suitably explain how two companies have achieved 100% fulfilment, whilst one has poorly managed its investments or run a far more volatile investment strategy than the other.

As the Hong Kong Insurance Authority explicitly states,

"Based on the principle of 'treating customers fairly'... GL28 requires information provided by the authorised insurers in the benefit illustration documents to be ***adequate, accurate, clear and not misleading.***"

We must ask ourselves: **does our material reflect this standard of clarity, or can we do better?**

Raising the Bar, Equalising Par Fund Management

In Asia, we must learn from others' mistakes, particularly the **experience of the UK's With-Profit Fund** (equivalent to Par Funds). These include issues such as (1) product design and expensive guarantees, (2) complex charging structures and a lack of transparency, (3) misuse of surplus, (4) poor investment performance due to a lack of diversification and well-designed SAA, (5) mis-selling scandals, and (5) an inability to adequately manage the massive gap in policyholders' understanding of product performance. Some of these may sound uncomfortably familiar.

A material regulatory advancement is the HKIA's revised Guideline 34 ('GL34'), implemented in two phases, July 2024 (alongside HK RBC) and March 2026, and seeks level and stronger Par management.

Several changes, in line with international best practice, have been formally introduced and represent a **pivotal shift in governance**. By mandating improved asset-liability segmentation and enforcing strict frameworks for fair expense allocation, the regulation significantly strengthens policyholder interests. Furthermore, there is greater transparency and review of the allocation of distributable surplus funds and shareholder transfers.

These governance standards and independent reporting requirements offer greater transparency into actual product performance, ensuring that Par businesses are managed equitably and sustainably.

These regulations are expansive and should help develop an internal and credible narrative of product performance. One that can help improve and shape feedback to policyholders.

3. The Distributor's Upper Hand – Are the Products Value for Money?

There is a fundamental imbalance in the Asian insurance value chain. Insurers are the risk originators, i.e. they accept the liability, hold the capital, and bear the regulatory scrutiny. Despite all this, **insurers have ceded enormous economic power to distributors.** The banks, the agencies, and the brokerages hold too many cards. And they capture much of the value (sometimes upfronted). For bancassurance deals, this takes the form of large access fees paid to the banks before a single product is even sold. This imbalance affects all stakeholders within Insurance (policyholder, shareholder, and investors).

As Jim Collins wrote in *Good to Great, "Good is the enemy of great"*. In Asian insurance, good distribution numbers have become the enemy of great long-term economics. We have **built an industry where the party that takes the least risk captures outsized value,** and the party that bears the ultimate

must accept what remains.

This is not merely a matter of margin compression. It is a structural distortion that can create perverse outcomes. For example, products must be designed not for long-term customer and shareholder value, but for distributor appeal. Strong actuaries have helped structure around these issues to improve policyholder outcomes and balance this tension whilst meeting internal shareholder targets. However, when not done well, **it may result in poor value for money for the policyholder and poor risk-adjusted returns for the shareholder.** A Win-Lose-Lose proposition.

Regulatory intervention, at least in Hong Kong, is helping to alleviate some of this imbalance. The HKIA's Practice Note on Remuneration Structures (effective January 2026) imposes strict commission spreading, capping upfront commissions at 70% and requiring the remainder to be spread evenly over at least 5 years. Furthermore, a 50% cap on referral fees paid to unlicensed referrers has been enacted to prevent aggressive sales practices. A decent start, but more can and should be done.

A Path Forward: Reclaiming Stewardship

The Asian 'Guarantee Dilemma' is emerging with some time to solve it, but only if we are **willing to make the uncomfortable decisions.** The solutions are not technical; they are cultural and structural. However, **Actuaries can help lead the way** and be the guiding force for the Board.

First, we must reclaim the concept of prudence. Prudence has become a dusty word, associated with the past rather than the future. We must rehabilitate it. Prudence does not mean avoiding risk; it means understanding risk deeply and pricing it appropriately. The 'best estimate' is certainly not a single outcome; it is a range. As actuaries we need to promote this, having the tough and difficult conversations. By example, it means resisting the temptation to use optimistic investment assumptions to win business today, knowing the bill will come due tomorrow.

Second, we must demand transparency in complexity. If a product cannot be understood in a couple of pages, one may argue it should not be sold. If a customer cannot understand where their money is invested and how returns are determined, we have failed to serve. The actuarial profession and regulators can lead the charge for clear and transparent communication.

Third, we must strengthen the independence and empowerment of the actuarial function. The Appointed Actuary must have teeth. They must have credible protections, some independence from sales pressure, and the ability to enforce the underlying authority to say 'no'. Many of the considerations I have noted in Part 1 remain relevant: long-term compensation, robust governance, and the courage to speak up. Regulators cannot be pedestrian in enforcing these standards. Boards cannot be complacent in overseeing them. Hong Kong's regulatory changes through the introduction of enhanced Par Fund management, and in particularly the introduction of an Independent Actuary within the Par Business Committee is carving a way forward.

Fourth, we must continue to rebalance economic disparities between risk underwriters and distribution. For those trying to address this, it can at times feel almost impossible to execute meaningful change without regulatory intervention. A greater portion of distribution costs must be deferred and tied to the books' actual performance (e.g. persistency). Alternatively, clawback provisions must be real and enforceable. As Steve Kerr's famous folly reminds us, we must stop rewarding A while hoping for B.

Conclusion: The Stewards of Asia's Future

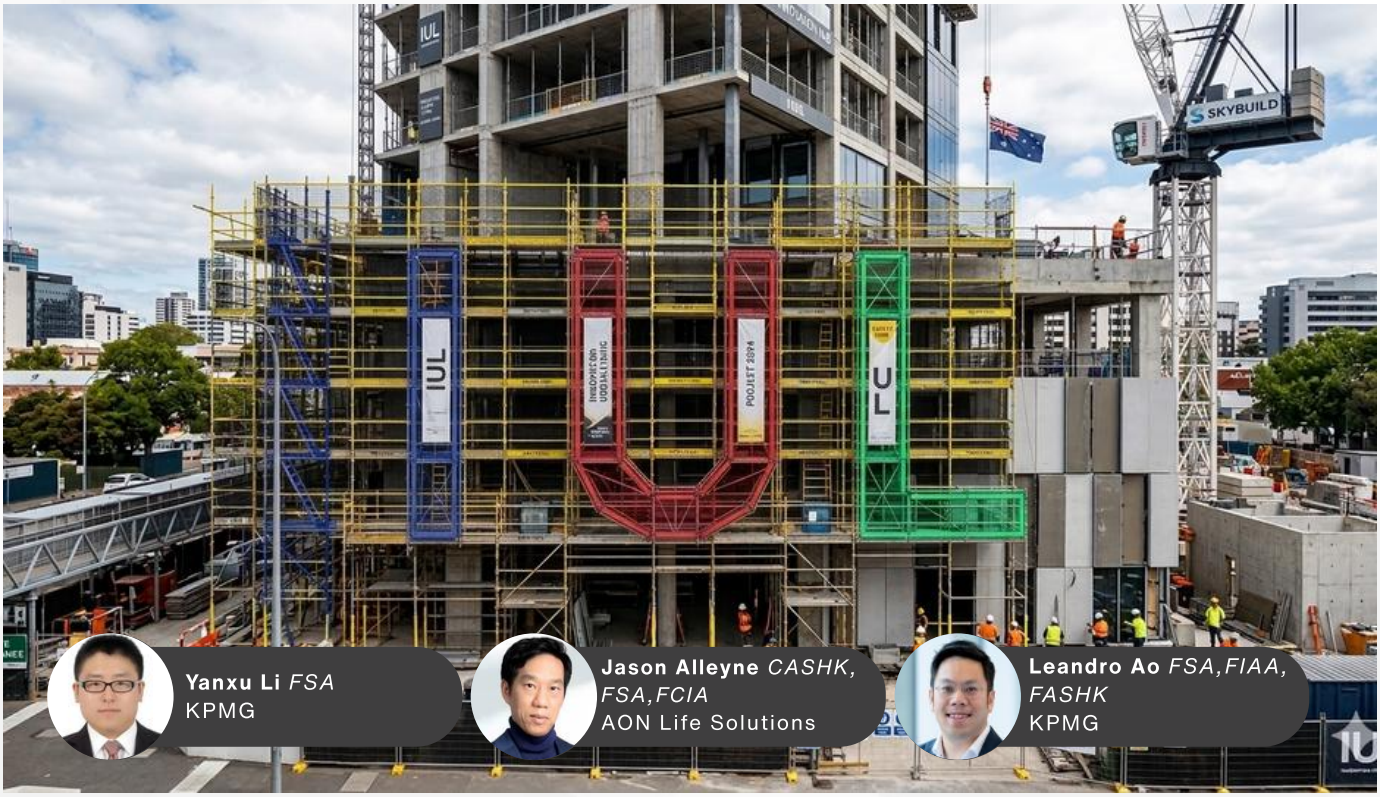
Asia's insurance markets are not just growth engines; they are the savings repositories for hundreds of millions of families. **The promises made today will shape the retirement security, healthcare access, and financial well-being of generations to come.**

The *Guarantee Dilemma*, in its Asian manifestation, is **not yet a crisis. It is a warning.** The choices we make today, about product design, distribution economics, organisational capability, and transparency, will determine whether the story of Asian insurance is one of triumphant growth or a painful reckoning.

As actuaries, we must become stewards, not back seat reporters. We must look beyond the next sales campaign to the next decade. We must build organisations capable of managing the complexity we create. And we must never forget that **behind** every illustrated return, **every policy document, every bonus declaration, a family is trusting us with their future.**

In closing, let us draw inspiration from Asian philosophy, *'Watch your thoughts, they become your words; watch your words, they become your actions; watch your actions, they become your habits; watch your habits, they become your character; watch your character, it becomes your destiny'.*

Our industry's destiny is being written today, in boardrooms and product committees across Asia. Let us ensure it is a destiny we can be proud to meet. ■



BEYOND THE LAUNCH:
A Practical Guide to Indexed Universal Life (IUL) Product Management (Part 2 of 2)

The first part of this article series covers the IUL product features, trends in North America, and the foundational hedging process and consideration. In this second part, we will expand to the advanced approach of using dynamic hedging for IUL and target operating model on product management and governance as observed in North America.

Dynamic hedging

As IUL sales increase, dynamic hedging is considered the most sophisticated approach for managing index segment risk, as its implementation is complex and requires significant efforts from various stakeholders. While only a few large insurers in North America have adopted it, others are exploring the option. The scale of portfolio is an important consideration to undertake this path.

Considerations for adoption

Moving to a dynamic hedging program requires a significant investment in technology to build an automated workflow. Senior management must evaluate the potential benefits versus the costs and assess their company's IT capabilities.

How it works

For most IUL index accounts, which typically have a duration of one year, interest rate exposure is minimal and can be managed via the macro-hedging program. Insurers usually use equity futures to "delta hedge" their liabilities, which means adjusting the hedge frequently to respond to changes in the underlying stock index. The overall liability delta is refreshed each day through a hedging model, and its intraday delta is calculated based on real-time market movements and a daily generated trading grid from the hedging model. Concurrently, asset delta exposures are updated in real-time with financial data from third-party provider (e.g. Bloomberg). An integrated monitoring system highlights any delta discrepancies over a pre-defined threshold, enabling traders to continuously rebalance the futures portfolios.

Key program components

- **Index hedgeability**: Market indices with active exchange-traded futures, like the S&P 500, can be dynamically hedged. However, proprietary volatility-controlled indices must be hedged statically using options.
- **PAS performance**: The dynamic hedging program relies on an automated system, so the PAS must provide timely and accurate policy extracts every day to allow the hedging model to recalibrate delta exposures.
- **Hedging model**: The platform hosting the hedging model must be integrated with the insurer's internal IT systems to support the automated workflow. This requirement demands model flexibility and high computation power to handle such tasks.
- **IT capabilities**: A robust IT infrastructure is necessary to build the integrated platform, which includes a database for storing data, an automated task workflow, and a real-time monitoring system to track asset and liability mismatches.

Benefits of the Dynamic Hedging Program

The implementation of a dynamic hedging program yields several key benefits for IUL product management:

- **Enhanced Product Flexibility**: Automation of the hedging process removes the pre-segment "blackout period," allowing for more innovative product designs and enabling faster investment of account values.
- **Reduced Waiting Period**: Account values can be invested in the index account on the day following funding, as the buffer time for hedge order preparation is no longer needed.
- **Significant Cost Reduction**: Dynamic hedging results in substantial cost savings compared to static hedging. Stochastic modelling indicates that dynamic hedging costs are lower in over 99% of scenarios, with average savings ranging from 30 to 60 basis points or potentially more. The primary reason for these savings is that the realized volatility under dynamic hedging is typically lower than the implied volatility reflected in the cost of statically hedged options, which demands higher premium for risk taking from the investment banks.
- **Strategic Savings Allocation**: The hedge cost savings can be channelled

toward driving higher profitability for the IUL portfolio or reinvested into product development with more competitive index account offerings or be allocated between both strategies.

However, the company's risk team must analyze and prepare for extreme, less-frequent scenarios where dynamic hedging costs could increase, verifying that such risks are consistent with the company's established risk appetite.

Target operating model for product management

To effectively manage the distinct product features and operations of Indexed Universal Life (IUL), insurers must implement a robust Target Operating Model (TOM). This framework requires clear internal collaboration across various functions to effectively oversee the IUL product portfolio. The primary responsibilities of key functions are outlined below to support a well-defined TOM:

Asset-Liability Management (ALM)

- **Pivotal Role:** The ALM function is central to liquidity management and investment yield generation.
- **Initial Refinement:** As initial product assumptions are typically preliminary, the ALM team must partner closely with the experience study and modeling teams to integrate evolving business trends.
- **Investment Strategy:** This team should also proactively pursue new investment opportunities to enhance investment yields while adhering to local capital standards and risk charges.

Modelling Team

- **Stochastic Modelling**: The complexities of IUL products necessitate exploring next-generation modelling platforms capable of handling stochastic scenarios.
- **Model Alignment**: A centralized modelling team is responsible for aligning pricing and valuation models to ensure sound model management practices.

IT Function

- **Dedicated Support**: A dedicated IT team is essential for developing and supporting the hedging program, which includes implementing new features and improving performance.

Hedging Team

- **Hedge Efficiency**: This team's main responsibility is to maintain high hedging efficiency by preparing and analyzing hedge liability and asset exposures.

In-Force Management Function

- **Hedge Monitoring**: The in-force management team must actively monitor the hedge budget provided by the ALM team and the actual costs of purchasing financial instruments.
- **Parameter Reassessment**: Index parameters must be regularly re-evaluated to adjust for any budget shortfalls or surpluses in response to recent volatility.

Risk Oversight Function

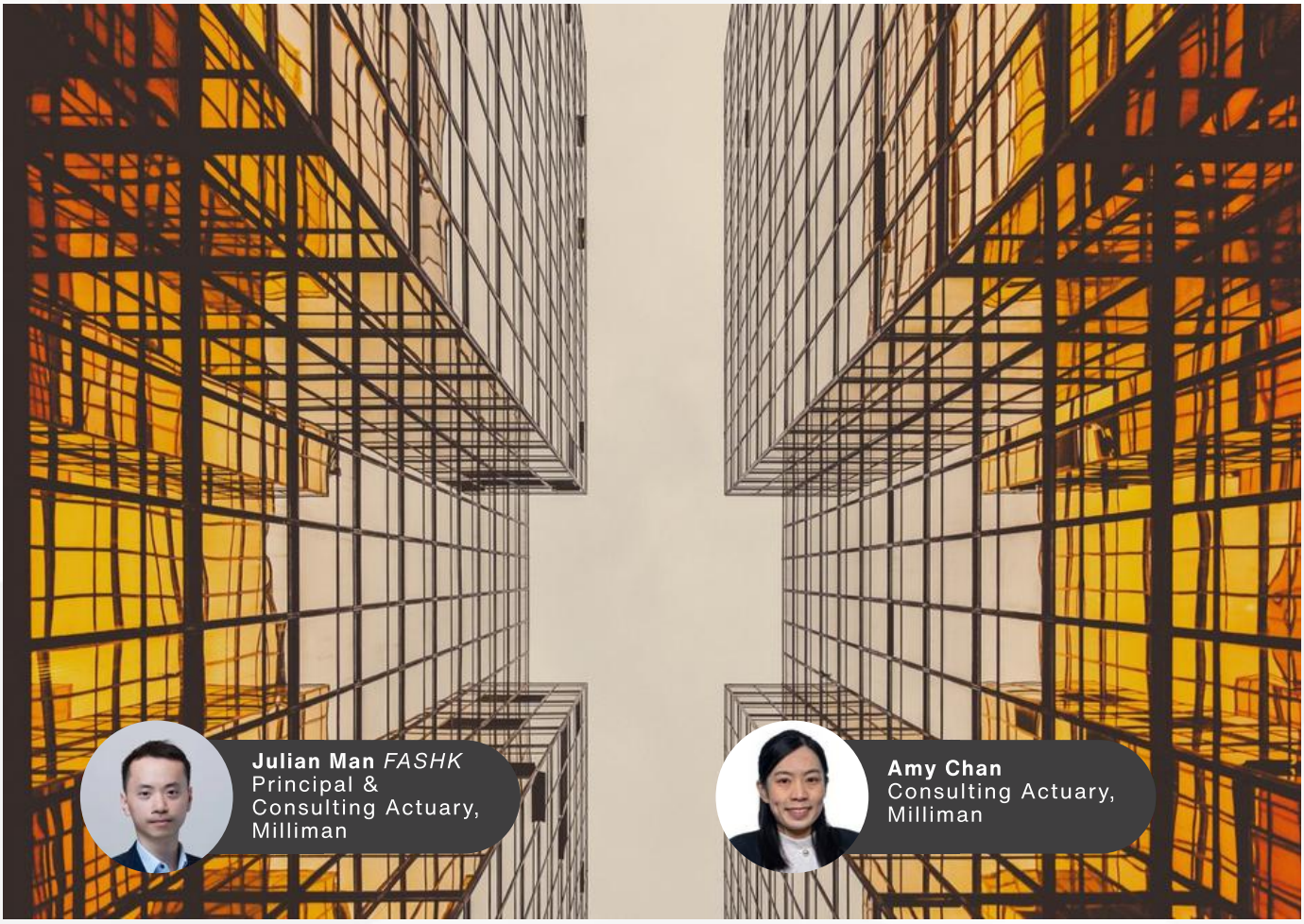
- **Internal Thresholds**: The risk oversight team establishes and monitors internal thresholds for hedge mismatches and closely tracks hedging efficiency.

IUL Steering Committee

- **Regular Reporting**: The committee should hold quarterly meetings to review the hedging program's performance and analyze trends in the option budget and costs.
- **Seeking Approval**: Based on historical data, the in-force management team can seek senior management approval to adjust index parameters as needed.

Conclusion

Clearly, the IUL proposition and features have shown its relevance to meet the needs of customers in North America. In our view, we are expecting a multi-year development journey required for insurers in Asia to develop the operations required to provide market-leading and competitive IUL features for the customers. This requires careful considerations of sales potential, capability investment and risk management requirements. We hope this practical guide will provide some ideas to the actuaries involved in IUL development in Asia to create a strategic roadmap for future operations. ■



DISCOUNT RATE ADJUSTMENTS ACROSS ASIA: For Solvency Balance Sheet and a Comparative Analysis of the Matching Adjustment under Hong Kong RBC

1. INTRODUCTION

Applying an adjustment on top of a risk-free discount rate when valuing insurance liabilities under a Risk-Based Capital (RBC) framework is a common practice across various Asian jurisdictions. This article presents a regional overview of discount rate adjustment mechanisms observed in Asia and, in particular, a comparative discussion of the matching adjustment (MA) under Hong Kong RBC relative to other solvency regimes. It also outlines the strategic implications of different MA mechanisms on asset-liability management (ALM), investment strategy and product strategy.

2. DISCOUNT RATE ADJUSTMENT MECHANISMS AND THEIR IMPLICATIONS ON SOLVENCY BALANCE SHEET

While regulators in many jurisdictions have embraced the use of discount rate adjustment to enhance the stability and accuracy of insurers' solvency assessments, the exact methodologies vary by regulatory guidelines. Broadly, these can be grouped into two categories:

1. **Type I: Smoothing mechanism or prescribed illiquidity premium (ILP)** added to the risk-free yield curve
2. **Type II: Matching adjustment (MA)** added to the risk-free yield curve

2.1 Type I – Smoothing / ILP

The introduction of an ILP or a smoothing mechanism by Asian regulators is intended to mitigate short-term volatility arising from differences between the discounting of assets and liabilities. For certain long-term insurance products with predictable cash flows, the fixed income assets backing these relatively illiquid liabilities are more likely to be held to maturity. Therefore, short-term fluctuations in their market values should not materially affect the solvency position of insurers.

As a result, many Asian regulators allow an ILP adjustment or the adoption of a smoothing mechanism within the discount rates used to value the illiquid liabilities. The ILP mechanism is typically regulator-driven and is derived primarily from a market reference or a prescribed regulatory amount. The specific approach varies by markets. The following summarises the approaches observed across Asian markets:

(a) Smoothing via averaging government bond yields

In some markets, liability discount rates are smoothed by taking an average of government bond yields (e.g., in Thailand and Indonesia).

- This approach can reduce the sensitivity of liabilities to changes in the risk-free rate.
- However, if assets are measured on a market value basis (as in Thailand), asset value may remain highly volatile while liability value is stabilised in a fluctuating interest rate environment. With only liability value being smoothed, this approach may not effectively align the movements of assets and liabilities when interest rates change.
- This approach is independent of insurers' actual asset portfolio. Therefore, smoothing is applied regardless of the quality of ALM. Combined with the potential inability to align the movements of assets and liabilities, insurers operating under this regime might have less incentive to improve their ALM.
- Since the smoothing relies primarily on government bond yields, credit spreads are not considered and reflected on the liability side. This could potentially reduce the incentives for insurers to invest in corporate bonds, as credit spread widening could reduce surplus through asset value declines without a corresponding liability offset.

(b) ILP as a constant prescribed spread

Some regimes prescribe a constant spread as ILP (e.g., in China), based primarily on liability characteristics such as product types and issue dates.

- This approach often overlooks the actual asset holdings, thereby excluding corporate-specific situations from consideration. Consequently, the same ILP is applied regardless of the matching positions and actual asset holdings, which limits the opportunity for insurers to optimise their ILP adjustments and may reduce incentives for improving ALM.
- Given that the derivation and application of these constant spreads are predominantly driven by regulatory guidelines, this approach may not be sufficiently responsive to changes in credit spreads.

(c) ILP derived from a reference portfolio

Some regimes prescribe ILP based on a reference portfolio reflecting the asset holding patterns within the industry (e.g., in Singapore; and the "General Bucket" approaches in localised Insurance Capital Standard (ICS)-type regimes).

- This approach can at least partially responsive to changes in credit spreads.
- Insurers can influence the final ILP prescribed by regulators to a limited extent by strategically managing their actual asset holdings, providing some incentives for them to optimise their ILP adjustments through better aligning their financial strategies with the reference portfolio characteristics to meet regulatory expectations.

2.2 Type II – MA

Similar to ILP, the introduction of an MA by Asian regulators also aims at addressing short-term volatility arising from differences between the discounting of assets and liabilities.

For insurance portfolios that can satisfy more stringent eligibility requirements – such as high predictability of liability cash flows and a lower chance of asset-liability mismatch – some jurisdictions permit the use of MA.

Compared with ILP derived from a reference portfolio, the use of MA can generally result in a higher uplift of the discounting yield curve, as it reflects insurers' actual asset holdings and their matching characteristics relative to the liabilities. Thus, MA is more closely related to the insurers' ALM practices, and therefore insurers may be incentivised to optimise their MA through improved ALM.

MA is generally designed to incorporate, within the liability discount rate, a portion of credit spread movements on fixed income assets that are not attributable to downgrade or default. Compared with ILP, MA is therefore typically more responsive to changes in credit spreads and tends to align asset and liability movements when credit spreads change. As a result, the volatility in surplus due to credit spread movements can be reduced.

However, it is important to note that even within regimes that allow MA, the specific approach can vary significantly, leading to differences in actual practice. These variations can result in differing extents of MA utilisation and its associated benefits across regions. For instance, some jurisdictions may have more lenient eligibility criteria or different methods for calculating the uplift, which could make MA more accessible and beneficial for insurers in those areas. Conversely, stricter requirements or less favorable calculation methods in other regions might limit the extent to which insurers can leverage MA.

3. KEY DIFFERENCES OF DIFFERENT MA MECHANISMS ACROSS ASIA AND THEIR IMPLICATIONS

In Asia, three main types of MA mechanisms are observed under Hong Kong RBC, Singapore RBC and ICS (Top Bucket), respectively. Although all three mechanisms aim to enable insurers to capture the credit spreads movement in their asset portfolio, incentivising them to improve their ALM practices, they differ primarily in (i) eligibility criteria and (ii) the methodology for reflecting the spread from underlying assets, including considerations for the removal of credit risk and the incorporation of cash flow matching and duration matching.

3.1 Eligibility criteria

Hong Kong RBC

- No explicit eligibility requirements. Any MA portfolio can use the prescribed formula to derive MA (subject to the eligible asset classes), and the formula explicitly reflects ALM performance, thereby directly influencing ALM practices.

Singapore RBC and ICS Top Bucket

- Impose stricter eligibility requirements (e.g., cash flow testing). However, once the eligibility test is passed, the calculation of MA primarily references asset spread, adjusted for credit risks, without explicitly considering ALM performance. In other words, ALM performance is assessed upfront, and for any eligible portfolio, improvements in ALM practices may not yield significant incremental benefits to the MA. Consequently, insurers' ALM or investment strategies are focused on meeting these initial requirements.
- Unlike under Singapore RBC, where portfolios failing the MA test can only use ILP, ICS provides more flexibility. If a portfolio does not pass the cash flow matching tests, it can still qualify for the Middle Bucket, allowing for a "partial MA" and offering insurers greater flexibility in managing different portfolios.

3.2 Incorporation of asset spreads

In both ICS and Hong Kong RBC, the discount rate captures default and downgrade costs by applying explicit asset-class-specific risk corrections to asset spreads, whereas Singapore RBC relies on formulas that capture them more implicitly.

While all three solvency frameworks incorporate credit spreads from eligible fixed income assets (with minor differences in eligibility), only Hong Kong RBC also includes, to some extent, spreads from equities and real estate. These differences will materially affect how the MA drives ALM, investment strategy, and product design in Hong Kong, as outlined in the next section.

4. STRATEGIC IMPLICATIONS OF MA/ILP IN SOLVENCY BALANCE SHEETS

4.1 Implications for ALM

Under Hong Kong RBC, the relationship between ALM practices (e.g., duration matching and cash flow matching) and MA is comparatively transparent. This simplifies the process for insurers to analyse the benefits of MA. A notable example is the incorporation of the application ratio in the prescribed MA formula, which is determined by multiplying the predictability factor by the duration factor. This approach provides a clearer pathway for insurers to analyse and optimise MA through enhanced ALM.

Generally, a higher application ratio implies a higher MA, as a larger proportion of the adjusted spread earned by eligible assets can be attributed to the MA. An increase in MA results in a lower present value of best estimate liabilities, which in turn leading to a higher surplus and a stronger solvency position. This has incentivised insurers to increase the application ratios of their MA portfolios.

To achieve this, insurers may be incentivised to:

- Improve cash flow matching within the MA portfolio (under both normal conditions and stress scenarios) to enhance the portfolio's predictability factor.
- Narrow the dollar duration gap between assets and liabilities, thus increasing the duration factor and potentially uplifting MA.

As a result, ALM optimisation is embedded not only for statutory balance sheet reporting, but also in forward-looking solvency projections and Own Risk Solvency Assessment (ORSA) stress testing.

Conversely, while Singapore RBC allows the use of MA, its calculations are not explicitly and directly linked to ALM practices. This makes it difficult for insurers to devise optimisation strategies to optimise MA. Therefore, insurers may primarily focus on qualifying portfolios for MA rather than fine-tuning parameters to increase MA.

In the context of the ICS, MA is intricately linked to the performance of ALM through both the bucket determination and MA construction. Insurers must address two layers of ALM objectives:

1. To ensure the portfolio consistently qualifies for a higher bucket. Given that achieving the Top Bucket is often impractical in certain jurisdictions, insurers typically aim for the Middle Bucket. This requires managing real-world asset volatility to ensure that the market value of assets consistently covers the total surrender value of the policy.
2. To enhance MA within the Middle or Top Bucket, which requires a better cash flow matching and ALM. It is important to note that for the General Bucket, ILP is prescribed and fixed by currency.

4.2 Implications for investment strategy

Investment strategies can be influenced by MA mechanisms in two primary ways:

1) Strategic asset allocation (SAA)

- Under **Hong Kong RBC**, since all insurance portfolios are eligible for MA, insurers may focus on evaluating the trade-off between MA uplift and asset risk charges. In particular, the long term adjustment (LTA) may help optimise MA by recognising the asset spread for other asset classes like equity and real estate, though these assets may introduce higher capital requirements. Investment strategies can concentrate on balancing higher risk charges (partly mitigated by the recognition of asset spreads) with the prospective upside from growth assets.
- Under **Singapore RBC** and **ICS (Top / Middle Bucket)**, insurers may need to maintain a sufficient amount of bond assets to consistently qualify for the MA portfolio.
- MA optimisation can also be integrated into a dynamic SAA framework by optimising both ALM and capital requirements for interest rate risk charges. This allows insurers to increase their holdings of growth assets (e.g., equities, properties and alternative investments), resulting in a more optimal risk-return profile for the asset portfolio. Although a dynamic MA exists in all three solvency frameworks, the mechanism is more favourable under Hong Kong RBC, resulting in more favourable credit risk treatment.

2) Characteristics of fixed income assets (e.g., duration and credit profile)

- MA under all three solvency frameworks takes into account the underlying asset spreads, which vary by the credit profile and asset duration. These spreads are then adjusted for credit risks, either through a bottom-up approach as in Singapore RBC, or through factor deductions as in the Hong Kong RBC.

- Investment strategies therefore aim to maintain an optimal balance of duration and credit profile, since asset spreads are generally higher for assets with longer tenors or lower credit ratings. As such, it is crucial for insurers to understand the adjusted spread used in MA after accounting for credit risk adjustments.
- Dynamic MA mechanism can indirectly influence investment strategies, where the impact of credit spread on the asset side is partially incorporated into the MA when calculating stressed technical provisions under the credit spread risk module. This would increase the MA and result in smaller stressed technical provisions. However, this adjustment is subject to reduction factors, which are larger for fixed income assets with lower credit qualities. To better utilise the dynamic MA allowance, insurers may be incentivised to hold assets with reasonably high credit qualities to back their liabilities, thereby lowering the credit spread capital requirements.

4.3 Implications for product strategy

Product strategies in Asia can be influenced by various regulations, although market forces may play a more predominant role in certain jurisdictions. Nonetheless, with more advanced approaches to product management, including total balance sheet management, we may see an increasing number of insurers focusing on optimising MA to achieve the best possible product mix under different constraints. Specifically:

- **Hong Kong RBC**: MA applies to all products. Insurers can therefore optimise the levels of technical provisions and capital requirement by taking into account MA, potentially enabling more capital-efficient product offerings and greater flexibility in new product development or revamping existing products. More importantly, the inclusion of LTA form growth assets under Hong Kong RBC allows insurers to consider investment in these riskier assets with higher expected returns during product design. Insurers can therefore develop products with varying risk-return profiles to match different policyholder segments, potentially improving market share. However, this may be limited to those product lines that include segregated assets as part of the eligibility for LTA.
- **Singapore RBC**: MA applies exclusively to participating business and universal life products, while other products are governed solely by ILP. Consequently, MA's presence or design has narrower influence on product strategies, with emphasis on ensuring participating or universal life products qualify for MA during product design.
- **ICS**: Since product lines can qualify for different buckets and MA varies by these buckets, product strategies mainly focus on the classification of different buckets during product design. For instance, one requirement for the Top Bucket is that the total surrender value must not exceed the asset value designated for this portfolio at the reporting date and all future points in time. If insurer aims to qualify for this bucket, the design of savings-oriented products needs to be carefully considered, particularly in an environment where interest rates and equity markets are volatile.

5. CONCLUSION

Across Asia, liability discount rate adjustment under RBC solvency frameworks ranges from prescribed ILP based on an industry-representative portfolio without considering insurers' actual asset mixes, to more sophisticated MA approaches directly linked to the underlying eligible assets and ALM performance. There are also intermediate approaches, such as ICS. These subtle differences between ILP and MA, and even the varying mechanisms within MA, could potentially impact ALM, investment strategies, and product development.

As Hong Kong RBC takes effect, further research should examine how its discount rate methodology affects industry practices and, more importantly, identify potential enhancements to the regulatory framework based on lessons from other markets. ■

CELEBRITY ACTUARY INTERVIEW

Raymond Tam *FASHK* | ASHK President (1984)

ASHK: **We love to hear about your career journey. How do you become an actuary?**

Raymond: I wished to follow the foot step of my Math teacher to study Math at the HKU. When I finished Form 6, my mother sent me to join my uncle in Canada, so that in future I could sponsor her and my 5 younger siblings to Canada to have university education. At age 17, I started attending high school in Winnipeg but got my GCE A-level exam results early.

My uncle wanted me to study engineering but I did not have TOFEL results required by University of Manitoba. He then took me to see the Dean of Engineering but I failed to prove my English ability. Fortunately, a friend advised me to go to University of Winnipeg where TOFEL results were not required.

In my second semester, my uncle gave me an SOA booklet, with Part 1 sample exam questions, from one of his college friends. I found the Math questions challenging, so I went to see his college friend Elias Shiu at University of Manitoba. Prof. Shiu told me that despite having a PhD in Math from Caltech and a postdoc, he could not get a job teaching Math, but he would start teaching Actuarial Science next semester. He advised me to pursue actuarial studies instead of Math, so I became his first student before he was a professor. Prof. Shiu taught us many math tricks not in textbooks. I took all the actuarial courses including masters courses and many computer courses including APL. Not to disappoint Prof. Shiu, I got an award for highest score in Canada for Part 1 exam. Prof. Shiu hired me as his Research Assistant during school term, and as his summer intern in Great West Life where he was a consultant. Later, he also got me a permanent job as actuary. I am so thankful to have Prof. Shiu as my professor and mentor in actuarial career.

Raymond: Before Prophet actuarial software was launched in 1987, valuation systems were written in COBOL. With my APL ability, I was tasked by senior actuaries to develop computer programs to project insurance and investment cashflows for the entire company, repricing insurance product lines for different markets, and ALM, etc. These tasks were supposed to be done by experienced actuaries with support from IT, not by a fresh graduate like me without IT support. I also studied technical memos from the company's actuarial library. My early career in North America laid a good foundation.

ASHK: **You returned to Hong Kong in 1988; could you share how your career developed from that point?**

Raymond: While vacationing in Hong Kong in 1987, I made cold calls to three actuaries asking about actuarial opportunities and got two job offers. I was concerned about crime rate in Philadelphia, so I moved back home to join Mercer.

1988-1992: Actuarial Consultant in insurance and pension

After I started with Mercer, I ended up dealing with 4 Office Heads in the span of a few months. The Office Head who hired me had already left and the new Office Head Martin went back to Australia after a few months because his children were suffering from humidity on the Peak. I had to deal with a former Office Head Dr. Che Lin competing for clients. The new Office Head was in his 20's. It was time to accept calls from headhunters.

I got an offer from Cigna as Head of Group Business but the GM who interviewed me had already gone. So, I took the safer option as Regional Actuarial Consultant with John Hancock Regional Office, but a few months later the office decided in early June 1989 to relocate to Singapore. I had to choose between my girlfriend or moving to Singapore.

Stuart Leckie came to my rescue taking me to lunch at Hong Kong Club inviting me to join Wyatt as Assistant Director for insurance consulting. On my third day in Wyatt, I was re-assigned to pension consulting, despite having no prior experience. As a junior partner, I felt embarrassed to ask Albert Chan, Alfred Hui or Terence Lin, who had more experience, to do number crunching for me. I dug out the Pension Mathematics textbook to build a new pension valuation system in APL. I was able to produce results faster with additional services to clients. From studying the pension plan trust deeds in the company library, I expanded my legal knowledge on pension plans which proved useful when I took up MPF later on. In my first year, I was often the first one in and last one out of office, and ranked number 1 in billable hours.

Raymond: 1992- 2000: Regulator in Insurance and MPF

I got married and my wife complained about my long working hours. One Saturday morning, I heard from the radio that the Office of the Registrar of Occupational Retirement Schemes was hiring a pension actuary, so I applied for it and got the job. I became the first Hong Kong actuary of the Government. On the first day, I was re-assigned to the OCI (the Commissioner was also the Registrar) regulating insurance companies. A few weeks later, the Assistant Commissioner (long term business) told me that he was going to retire soon and expected me to take over. I was thankful that the Commissioner, Stephen Ip, gave me the support and opportunity to be the Assistant Commissioner.

The OCl was newly established in 1990. The Insurance Companies Ordinance was an abridged version of the Insurance Act of UK, with no valuation regulations and solvency requirement was a mere HK$2 million for life company. Actuaries were free to choose the reserving methods and assumptions. It was logical for Hong Kong to follow UK Solvency 1 but there was strong resistance from US and Canadian life companies. As the only FSA in the OCI, I needed external help from a strong actuarial profession. So, I urged the Actuarial Association of Hong Kong to reconstitute into the Actuarial Society of Hong Kong. I was a member of the first ASHK Council and worked closely with the ASHK to issue the first PS1 and the first Hong Kong Assured Lives Mortality Tables. I learnt a lot from interacting with the chief actuaries and senior actuaries, and I modified Solvency 1 taking into account the life insurance products prevalent in the local market.

I also developed APL programs to analyze the annual returns from life companies to identify reserve deficiencies. It was quite an experience for me working to guide some technically insolvent life companies back to health without alerting the general public.

The Solvency 1 regulations were enacted in 1995 but the Mandatory Provident Fund Schemes Ordinance (only a framework for MPF) was also enacted around the same time. As Assistant Commissioner, I was also the Government Actuary advising on pension matters of the Government. In 1996, I was reassigned as Assistant Director of MPF Office to design detailed MPF regulations. The Director of the MPF Office asked me to chair the specialist meetings with representatives from the financial sectors, employers and labor groups. I learnt a lot by engaging with experts from insurers, banks, fund managers, trust companies, lawyers, actuaries, accountants, employers and labor groups, which helped me tremendously in the designing and drafting of MPF regulations. To speed things up, I translated the draft regulations into Chinese and gained a lot of knowledge in the process.

To gain public support for MPF, I represented the Government in public debates on radio, Victoria Park, Star Ferry Pier and other public forums, and quite an experience for me. I also joined the pension experts of the World Bank, IMF and ADB, speaking in pension reform seminars in Bangkok, Seoul, Singapore and Hong Kong, an opportunity to learn from the other pension experts and share our Hong Kong experience.

Raymond: We submitted the Provident Fund Schemes Legislation (Amendment) Bill 1997 to LegCo, but the LegCo was suspended due to the 1997 handover. I used this break to design the system specifications for the MPFA admin system. The Provisional LegCo passed the MPF Bill and regulations for setting up the MPFA in September 1998, and I became an Executive Director. I used two years for the recruitment and training of supervision staff, issuance of guidelines, launch of the MPF Intermediaries Exam, registration of MPF schemes, approval of trustees and investment funds, licensing of intermediaries, just in time for MPF contributions to start in December 2000 meeting the government pledge.

2000-2013: Chief Actuary and Investor Relation

I left the MPFA in 2002 to join Ageas and was seconded to a new life company Taiping Life (part of China Taiping) as Chief Actuary in Shanghai. I was invited by the China insurance regulator CIRC to join Dominic Lee on the Panel of Actuarial Experts.

In 2003, China Taiping was preparing a bond issue with new funds mainly for the growth of Taiping Life and invited Fitch for the rating exercise. After our presentation, Fitch global head of insurance rating expressed confidence in me as an ex-regulator and actuary. Fitch gave BBB+ to Taiping Life, the highest in China at that time. As a result, China Taiping appointed me to handle Investor Relation to cover life insurance business which contributed about 90% to its Hong Kong stock listing valuation.

Investor Relation work involved roadshows visiting fund manager offices in New York, Boston, Chicago, San Francisco, London, Edinburgh and Singapore, half-yearly result announcements and investor conferences in Hong Kong. Fund managers and analysts also came to my office in Shanghai to get update on latest development in Taiping Life and the insurance industry in China. The work of Investor Relation was interesting and challenging and kept me up-to-date with the outside world.

I had a number of actuary friends working in JV life insurance companies based in Shanghai and Beijing. As representatives from the foreign shareholders, my actuary friends complained about the difficulties due to different thinking between the foreign shareholders and China shareholders. On one hand, you needed the China shareholders to believe in your ability to help the JV, and on the other hand, you wanted your foreign shareholders to believe in your ability to manage risks. Fortunately, I had a good working relationship with Taiping Life and China Taiping leading to rapid growth of Taiping Life. Apart from Chief Actuary, I also covered risk management and reported back to Belgium. I was awarded the first “Actuary of the Year” by China Business Network in 2012.

Raymond: 2014-2017: Regional CRO

In 2014, I was relocated back to Hong Kong to take up new responsibilities as Regional Director, Risk Management & Chief Actuary. A few months later, I became the Regional CRO for Asia. I needed to pick up new knowledge quickly in Risk Management, Solvency 2, life insurance, general insurance and takaful in the various markets, so that I could provide analysis to Belgian headquarters and training & support to JVs and subsidiaries.

2018-2020: Insurance Regulator

I was approached by a headhunter for the position as Executive Director for Long Term Business in the Insurance Authority (IA). With my past experience as Assistant Commissioner (Long Term Business) and the setting up of OCI and MPFA, I accepted the invitation. As I came out the interview meeting, the headhunter told me that the IA wanted me to take up Policy and Development as the IA had difficulties in filling that position.

Before joining the IA, I thought RBC was the most difficult policy initiative. It turned out that RBC was relatively more straight-forward than the other new policy initiatives. Although Hong Kong is late on moving from Solvency 1 to RBC, yet we can follow well documented methodologies of other leading countries, thus shorten the development time considerably. I also had a good team of young and hard-working actuaries with industry experience, led by Cheryl Liu and Richard Payne, supported by Steve Hui and Jonathan Chao's team from EY. The other new policy initiatives were all new to me. I am grateful to the young managers and Prudence Ho, we hired from the industry. They put in a lot of hard work gathering useful information for me to guide them in formulating new policies and drafting new legislation. I am thankful that they all stayed with me during my 3 years in the IA with virtually no staff turnover in the Policy and Development Division.

ASHK: **What roles do you think the ASHK could play in the industry's future development?**

Raymond: The ASHK has important roles to play since I helped to establish the ASHK as a professional society in the early 1990's. I understand that the ASHK would like to be a statutory licensing body for actuaries in Hong Kong. As I was about to retire, I asked Tony Chan to follow up. I can express my unofficial personal view now. Unlike the HKICPA administering all its exams, ASHK mainly relies on the exam systems of overseas actuarial bodies. This exam issue needs to be addressed first.

The ASHK can work closely with the industry and the IA for healthy development of the industry. Perhaps, I can illustrate this by an example. Some ASHK members voiced their concern to me about the unhealthy competition on illustration rate for participating insurance policies. This would exert pressure on actuaries to adopt more aggressive investment strategies to support the higher rates of investment return with increase in investment risks, which might not be in the best interest of policy holders. They proposed to me to have separate caps on each

Raymond: class of investment to be applied to the asset allocation mix to arrive at a cap on the rate of investment return used in the benefit illustration. I did not have time to work on this as I was about to retire. However, I had explained to my IA colleagues that showing the rate of investment return rather than the IRR, is like a customer asking a bank for the bank deposit rate but was given the bank's lending rate earned by the bank.

After my retirement, the IA took this up. I understand that the ASHK suggested to have a cap on the rate of investment return, similar to other countries, but the IA preferred caps on the IRR and issued a Practice Note on 28 February 2025. With effect from July 2025, benefit illustrations for participating policies at the point of sale will be subject to caps, respectively for Hong Kong dollar and US dollar, on the IRR.

Despite clarification from the IA emphasizing that "the initiative will not impact the actual policy returns", many people including actuaries and actuarial consulting firms interpreted that as "capping the return rates of participating policies" and to reprice high IRR products with revised SAA to reduce the expected rate of investment return. It resulted in a sudden surge in new business from the "catch the last train" effect. I think the ASHK could have assisted the IA to help customers and the public better understand the new IA requirement. This would be more meaningful than a press conference on MPF Market Size Projection.

To comply with the Practice Note, products with IRR exceeding the caps should be reduced by adopting a lower rate of investment return for calculating the IRR leading to the reduction of IRR for all policy durations. However, some benefit illustrations only "artificially" capped the IRR for later durations but did not reduce the IRR for early durations. The actuary seemed to have maintained the high rate of investment return in early duration and reduced the rate of investment return only when the original IRR reached the cap.

At the point of sale, insurance intermediaries often compare policy values (including non-guaranteed dividends) in early durations (e.g. 10, 15 or 20). Having a two-tier rate of investment return, with a higher rate in early durations and a lower rate in later duration could "artificially inflate" the policy values in early durations giving them an unfair advantage. If this issue is not addressed, competition among insurers on illustration rates for participating policies in "early durations" could intensify with exceptionally high expected rates of return in early durations followed by much lower rates of return in later durations defeating the purpose of the Practice Note.

Since benefit illustrations are prepared by actuaries who are ASHK members, a possible solution is for the ASHK to issue an AGN or a note to outline the proper way of calculating the IRR to follow well established actuarial practice to use a single rate of investment return for benefit illustration. The ASHK could even hold a press conference.

ASHK: **What advice would you give to young actuaries for a successful career?**

Raymond: It would be helpful to young actuaries, if they are eloquent, both in Chinese (Cantonese and Putonghua) and English if they work in Hong Kong. Since we are dealing not only with actuaries in our work, it would be beneficial to our career if we are able to communicate technical actuarial concepts that can be easily understood by non-actuaries.

In the early days of my actuarial career, APL was a powerful tool for me to develop actuarial software. Today, AI is much more powerful than APL. I courage actuaries to keep abreast of AI developments and be able to make use of AI in their day-to-day work to improve efficiency.

I remember someone said "actuarial science is both a science and an art". Actuaries are trained to apply rigorous mathematical methods, and we would be more effective if we could develop lateral thinking to apply our skills with judgement and creativity, and the ability to think out of the box. It has been a lifelong learning experience for me, to have work in insurance companies, actuarial consultancies, government and regulators in insurance and pension. Lifelong learning could keep your job interesting and challenging. ■

懷舊特輯

(For English version please go to page 78)

《百年友邦正年輕》畫冊在2019年出版之前的書面訪談

李達安 *FASHK*
退休會員

序言：2019年是友邦保險成立100週年，也是友邦－復旦精算中心成立25週年。在時任友邦－復旦精算中心中方主任尚漢冀教授領導下，透過復旦出版社出版《百年友邦正年輕》畫冊，旨在以圖片故事的形式回顧在社會發展和變遷的背景下，友邦保險的百年發展歷程。以下是當時李達安先生接受了畫冊編輯部的書面訪談。

問：友邦“回老家”之後，與包括復旦、中山大學、中國科技大學、北京大學、南京大學等大學合作建造友邦精算中心，能否請您分享當年成立精算中心的背景？精算中心的發展歷程有哪些讓您印象深刻的人和故事？

李：在上海友邦成立之前，友邦一直向人民銀行承諾：如果獲准在中國經營保險，一定會盡最大的努力，將友邦幾十年經營保險的經驗（包括行銷、管理、精算方面），與同業分享，推動中國保險市場的發展。

在1992年，人民銀行批准了上海友邦的成立。在高唱“回老家”之餘，友邦為實現承諾的契機終於到來而感到雀躍萬分。在精算方面，當時在上海沒有國際認可的精算師、沒有精算學生，也沒有歐美精算學會的考試中心。於是，友邦馬上向北美精算師協會（SOA）申請在上海設立了考試中心。因為一般的情況下，保險公司可能有員工有興趣參加精算考試的，所以我們通知了PICC，邀請他們也派員工來參加考試，但是他們回覆說沒有合適的人選。所以，第一次的精算考試，只有友邦的員工林紅一個考生參加。當時，各大院校，包括上海財經大學的謝志剛老師、華東師範大學的王靜農老師，都表示非常鼓勵學生參加精算的考試。其後，復旦的鄭韞瑜老師也參加了考試，他向我提出建立精算中心的想法。經過他的引見，我會晤了尚漢冀教授。由於精算考試的教材、考試費非常昂貴，不是一般學生有能力負擔的，尚漢冀教授便提出了構想：由友邦提供財務方面的支持，復旦負責學生的培訓和推廣。中心的學員，不光是復旦的學生，也包括華東師範大學、上海財經大學推薦過來的學生。友邦覺得這個建議與公司實現推廣精算科學的承諾是一致的，於是便一口答應了。

精算中心的運作，在上海取得了初步的成功。友邦當時的想法，是打算在每取得一個城市的經營牌照後，便跟當地的優秀學府，設立跟友邦—復旦精算中心模式一樣的中心。所以，在獲得廣州的牌照之後，友邦也跟中山大學設立了友邦—中大精算中心。其後在北京大學、南京大學的精算中心，也是根據這個思路而成立的。

問：友邦並沒有在合肥取得經營執照，為什麼會設立友邦—中科大精算中心呢？

李：在某年的某一次精算會議中，我認識了一位名叫吳之強的老師，是在合肥中國科技大學（中科大）任教的。他不厭其煩地向我推薦中科大的學生有多麼優秀，多麼有興趣參加精算考試，所以友邦也應該在合肥中科大設立精算中心。我跟他說明我也知道中科大是個非常優秀的學府，但是基於友邦不在合肥經營，所以較難成事。之後，他還是三番四次地向我遊說。我思考了這個問題，覺得中科大名聲很大，是個優秀的學府，讓他們的學生參加精算考試，一定會加快推廣精算科

李： 學發展的速度。但是，為了要處事得宜，還是要審慎行事為好。於是，便向吳之強老師提出一個方案：中科大派幾個學生，參加下一次在上海的精算考試，全部費用由友邦承擔。若成績理想，便破例在合肥設立精算中心。不然，雙方便不要再提此事了。吳之強老師答應了。結果是中科大派出的幾個學生，全部通過了上海的精算考試，並且取得優異成績。因此，友邦—中科大精算中心便成立了。

問： 友邦在92年重返中國大陸市場後開創多項行業先河，請您為我們介紹一下當年友邦在中後台系統建設以及運營方面取得了哪些成績?

李： 行銷員的制度： 友邦進入了中國的市場，最大的貢獻可以說是引進了行銷人員的制度。之前，投保人要買保險，是要主動跑到保險公司申請的。之後，友邦營業員主動地向陌生人介紹保險的好處，積極地宣傳保險理念。這個制度，被其他保險公司採納並發揚光大，日後成為保險業務的主要銷售管道，對保險的普及化，起到關鍵性的作用。

員工本地化： 本地有的人才，盡量僱用，例如電腦方面、核保方面的醫護人員等。本地沒有的人才，例如精算方面、管理方面，則積極培養，並務求本地員工盡快擔任重要的職位、成為接班人。手段包括從總部派人員到分公司工作和指導，和把本地的員工送到總部培訓。在1998年，上海友邦的員工薄衛民考獲了FSA，是中國的第一個FSA。其後，在2000年，上海友邦的員工林紅也成爲中國的第一個女性的FSA。

確立精算師的地位： 友邦的傳統管理模式是很注重精算的制度，精算師有不言而喻的話語權。在開業後不久，市場利率大幅上漲，各家保險公司都把保費的定價利率提高，與市場利率掛鉤，所以保費較為便宜。上海友邦的業務部受到非常大的壓力，要求保費的定價利率，也與其他保險公司看齊。總部的精算師認為高漲的利率，很可能只是短暫的現象。對於長期的保險，用上當時的高利率，風險很大。所以便採取了果斷的立場，並沒有因業務壓力而盲目跟隨同業的做法。以致友邦的保費比同業昂貴，營業額遠遜於預期。但另一方面，公司產品策略也作了相應調整，積極與保險監理部門溝通，參與並推動《分紅保險精算規定》的出台，並率先推出分紅保險，既兼顧了客戶的利益，又把保險經營風險下降到可控的範圍。

若干年後，利率大幅下跌。以致用上高利率定價的公司，都產生大規模的利差損。相對而言，友邦的利差損就顯著較低。

透過這個事例，友邦向市場顯示了精算師的重要性。有一些決策，不能光是向市場跟風，還要通過精算師審核這一關的。■

友邦－復旦精算中心中方主任尚漢冀教授向中國的第一個*FSA*薄衛民頒贈紀念品

友邦－復旦精算中心

FROM PASSION TO ACTION WITH ASHK: Appreciation Lunch 2026 and Volunteer Award 2025

We're thrilled to celebrate the incredible volunteers who make ASHK shine! In 2025, more than 100 members generously donated their time, skills and energy to power our programmes, boost professional development and strengthen the wider actuarial community — and we couldn't be more grateful.

To recognise their enthusiasm and hard work, we invited these volunteers to the ASHK Appreciation Lunch. The event was also the perfect moment to present the 2025 ASHK Volunteer Awards. Each year Council and committee members nominate outstanding contributors, and this year the Council proudly honoured 15 exceptional volunteers and 4 student volunteers for their dedication, teamwork, leadership and inspiring spirit.

We were also delighted to have our newly elected Honourary Members as special guests at the event. To celebrate their well-deserved accolade, which recognises impactful contributions to the actuarial profession, we presented each Honourary Member with a commemorative plaque and invited them to share a few words about what this recognition means to them — their presence made the occasion even more meaningful.

These champions of volunteerism are essential to ASHK's momentum and success. A huge thank you to every volunteer — your efforts make a real difference. If you haven't volunteered yet, now's the time to jump in: get involved, bring a friend, and help shape the future of our Society!

ASHK Volunteer Awardees 2025 (in alphabetical order):

Amy Chan
Candy Chan
Terry Chen
Chadwick Cheung
Steve Cheung
Danny Choi
William Chow
Stephen Dong
Gavin Jiang
Wendy Lai
Orchis Li
Catherine Lu
Wilson Wu
Sam Yeung
Terry Yung

ASHK Student Volunteer Awardees 2025 (in alphabetical order):

Phoebe Leung
Jason Li
Larry Loi
Brian Poon

More photos can be found in the event page. ■

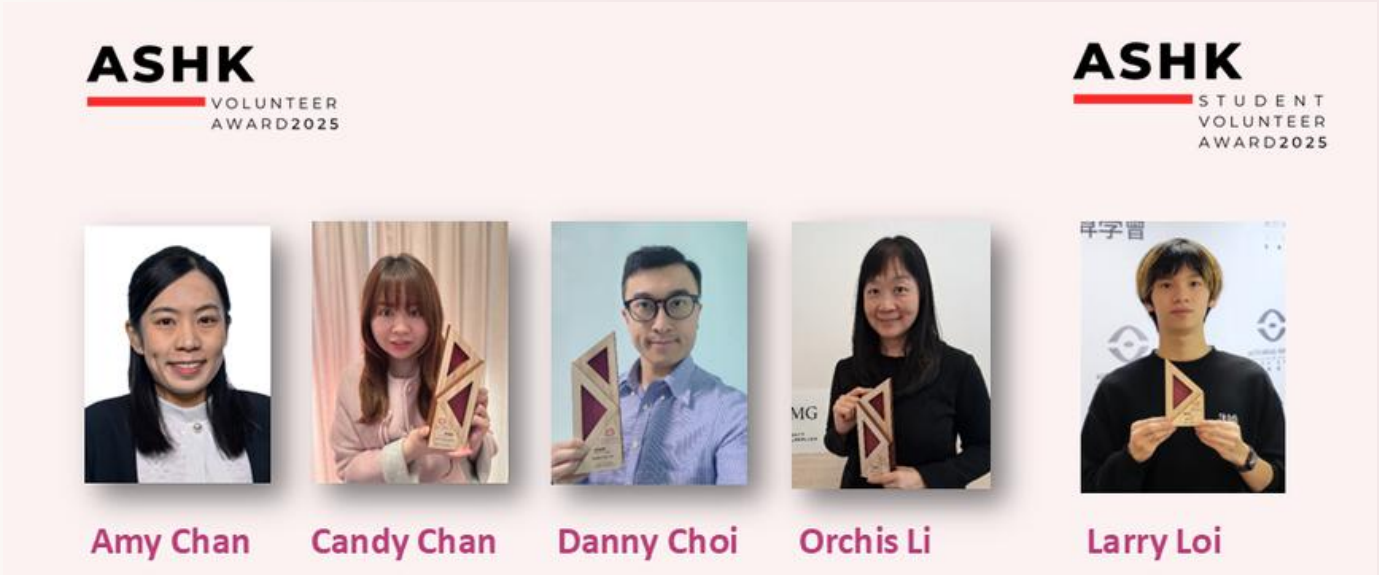
Mark Saunders, ASHK President, delivered a Welcome Speech

Mark presented the 2025 ASHK Volunteer Awards. (from left to right): Chadwick Cheung, Terry Chen, Gavin Jiang, Sam Yeung, Wilson Wu, Steve Cheung, Mark Saunders, William Chow, Terry Yung, Stephen Dong, Wendy Lai, Catherine Lu

ASHK Honourary Member Stuart Leckie shared a few words from overseas.

Mark presented the ASHK Honourary Member Plaque to Dr. Patrick Poon.

Mark congratulated the ASHK Student Volunteer Awardees 2025. (from left to right): Brian Poon, Phoebe Leung, Mark Saunders, Jason Li



ASHK Volunteer Awardees 2025 Amy Chan, Candy Chan, Danny Choi, Orchis Li and ASHK Student Volunteer Awardee 2025 Larry Loi

ASHK HONOURARY MEMBER:
Dr. Patrick Poon *FASHK*

"My actuarial career began unexpectedly. Although the profession was little known in Hong Kong at the time, I learned about it from my Mathematics teacher. My early passion was Chemistry, but a full scholarship enabled me to study both Chemistry and Mathematics at the University of Hong Kong. Strong results in Mathematics eventually led me to rethink my path and consider actuarial work as a meaningful long-term career.

After graduation, I received an offer from AIA as an actuarial trainee while also passing the government examination for the Executive Officer role. For the sake of stability, I initially joined the government. However, nearing the end of my two-year probation, I realised that the work, though stable, lacked the challenge I was looking for. That reflection brought me back to the actuarial opportunity created for me by Terry Jenkins at AIA. Despite the lower salary, I decided to make the switch. Motivated as a newlywed to progress quickly, I completed all actuarial exams within three years, and my salary tripled during that period.

My career advanced rapidly. After qualifying, I spent a short period in actuarial roles before being promoted to Administrative Vice President at AIA Malaysia, overseeing operations, claims, underwriting, accounting, and property. During my time there, I founded the Actuarial Society of Malaysia (ASM), when the entire country had only four actuaries. Returning to Hong Kong 7 years later, I succeeded Peter LUK as President of the Actuarial Society of Hong Kong (ASHK) in 1984, continuing the strong foundation laid by earlier leaders.

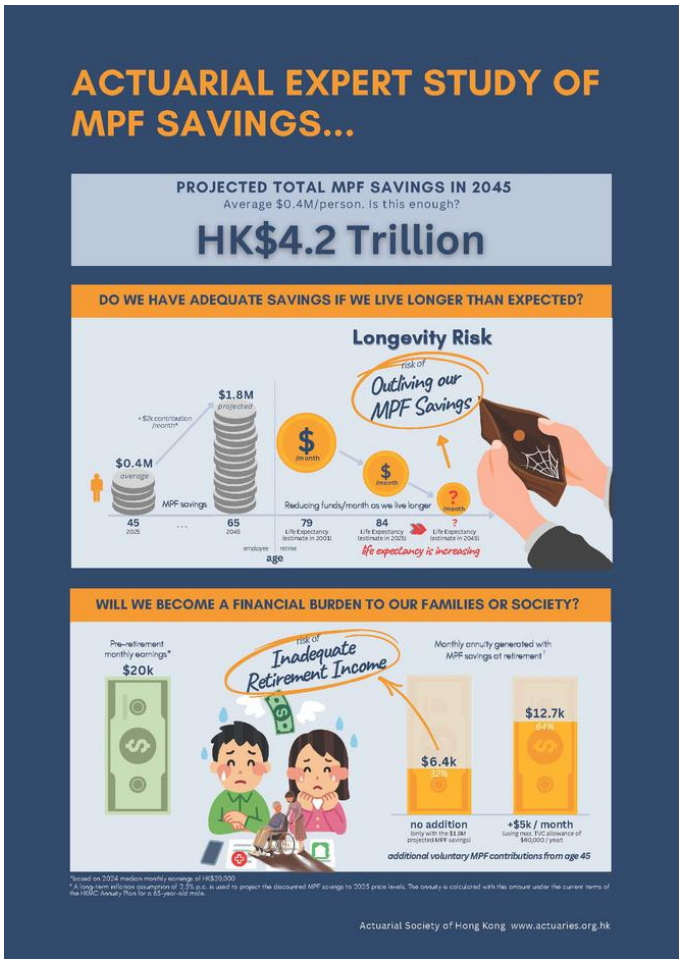
My professional journey took me across Malaysia, Taiwan, and Shanghai, where I held leadership positions with AIA, Malaysian American Assurance, Aetna, ING, and China Pacific Life Insurance. Throughout these roles, I introduced innovative products, redesigned life tables, restructured surplus distribution and supported operational reforms leading to public listing.

Having benefitted from a full scholarship, giving back became a lifelong commitment. Over the years, I supported education through scholarships, endowments, and foundation leadership at HKU, PolyU, and Hang Seng University. With the successful development of PolyU's foundation, I was honoured by PolyU to receive an Honorary Degree of Doctor of Laws in 2013. In 2025, I was honoured by HKU to receive an Honorary Degree of Doctor of Social Sciences.

It is a true honour to be elected an ASHK Honorary Member. This recognition motivates me to give even more back to the profession and to nurture the next generation." ■

ASHK RELEASES LATEST MPF MARKET SIZE PROJECTION 2025-2045 STUDY

ASHK held a press conference on 5 March for our latest report on the Hong Kong MPF Market Size Projections for 2025 – 2045, offering an independent outlook on the future growth of MPF assets over the next 20 years.



The panel hosted the press conference in the ASHK office and highlighted some issues on the retirement saving trends in Hong Kong.

Zita Chung *FASHK*, ASHK Pension & Employee Benefits Committee Vice-Chairperson
William Chow *FASHK* - ASHK Pension & Employee Benefits Committee Member and Project Lead
Patrick Au *FASHK* - ASHK Vice President
Kevin Lee *FASHK* - ASHK Pension & Employee Benefits Committee Chairperson

The projected 2045 MPF assets size is in a range of HK$3.9 to 4.5 trillion, around 2.7 times the 2025 level. The study also projects the MPF balance of individual employees when they retire at age 65 in 2045, providing valuable insights into prevailing retirement saving trends, which are crucial for developing retirement savings policies.

Watch this space for next steps as the ASHK moves forward with our purpose by having an ever-increasing role in making a difference through positive social and economic impact for Hong Kong. ■

Press Release
Full Report
Infographics Male and Female

Media Coverage

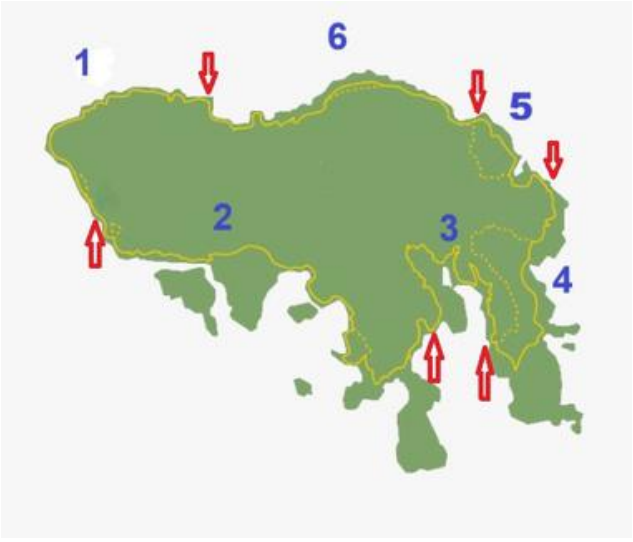
Media	Channels	Link
TV	TVB News	有機構評估強積金20年後資產規模將是去年兩倍多　籲開發更多銀髮產品
	i-CABLE News	香港精算學會倡開發適合銀髮族產品　應付長遠退休開支需求
Radio / online	RTHK 千禧年代	強積金資產規模研究06/03/2026 35:30 – 50:10 Youtube: 千禧年代@20260306（周沛言）
Online	Hong Kong Economic Journal	1) MPF丨香港精算學會料強積金資產2045年達4.2萬億 2) 強積金資產規模 2045年料4.2萬億
	i-CABLE News	香港精算學會料未來20年MPF資產規模增長2.7倍
	Sing Tao Headline	1) 香港精算學會料2045年強積金資產達42萬億-倡上調供款率 2) 精算學會料未來20年強積金資產增2.7倍
	Now Finance	香港精算學會料強積金資產2045年達4.2萬億
	AAStocks.com	香港精算學會評估強積金資產規模20年後料3.9-4.9萬億元
	Hong Kong Commercial Daily	香港精算學會料 強積金資產2045年將介乎3.9萬億至4.5萬億元之間
	Epoch Times	香港精算學會：強積金資產料2045年達3.9萬億至4.5萬億元
Mainland Focused outlets		
Online	Hong Kong China News Agency 香港中國通訊社	香港2045年強積金資產規模預計達4.5萬億港元
	China Review News Agency 中國評論新聞網	香港強積金資產　2030年預計達2萬億
	Sina.com 新浪网	香港精算学会料强积金资产2045年达4.2万亿港元
	NetEase 网易	香港精算学会料强积金资产2045年达4.2万亿港元
	Guardian.cn 观点网	香港精算学会料强积金资产2045年达4.2万亿港元

SPORTS AND SOCIAL SERVICES GROUP (SSSG)

ASHK Supports Weez Walk to Improve Youth Mental Health

At the encouragement from President Mark Saunders, ASHK formed 2 teams to help raise awareness and funds for youth mental health. The teams took on the 62-kilometre coastal challenge around Hong Kong Island. The walk was divided into 6 stages:

Stage	Date of Attempt	Route
6	2026.02.01	Aldrich Bay to Central（筲箕灣到中環）
5	2026.02.09	Siu Sai Wan to Aldrich Bay（小西灣到筲箕灣）
3	2026.02.13	Stanley to Dragon's Back（赤柱到土地灣）
1	2026.02.15	Central to Cyberport （中環到數碼港）
2	2026.02.22	Cyberport to Stanley（數碼港到赤柱）
4	2026.02.28	Dragon's Back to Siu Sai Wan（龍脊到小西灣）



The event was supported by 32 person-times, and raised a charity fund of $16,725. This is a vivid reflection that ASHK has a strong sense of awareness on social issues, other than on just actuarial issues.

Thank all donors for supporting ASHK WeezWalk (in alphabetical order):

Actuary for Good	Joan
Adi	JT
Adrian Yang	KP Wat
Alan Chan	Mark Saunders
Alexander Wong	Mary
Anonymous	Matsuta Ng
Anonymous	Michelle
ASHK	Patrick Au
Chris Hancorn	Sherry Du
Christine	Simon Lam
Christine Wu	SSSG
Danni Zhang	Steve Hui
Guneet Kaur	Trinity
Jenny	Wilson Wu

On the next few pages, there are articles written for all stages in chronological order.

Lisa Chen
Student Member

(For Chinese version please go to page 82)

STAGE 6：ALDRICH BAY TO CENTRAL

As we set off from Shau Kei Wan, a thin mist still veiled the sea. Our group—student, teacher, actuaries and a retired senior—began our Weez Walk stroll along the waterfront.

First, we arrived at Quarry Bay Park, where the fireboat, the Grantham, was moored. Its large, red hull stood on the shore like a retired old man. I walked around it; its rusty exterior hinted at its former glory at sea. The sea was right beside us; people were jogging, others walking their dogs—a peaceful and serene scene.

Continuing on, we reached North Point. The market was bustling, vegetable and fish stalls crammed together. An elderly woman was selecting vegetables, and fishmongers were hawking their freshly arrived catch. I weaved through the crowd, the aroma of salted fish and roasted meats mingling together. The pier area was much quieter; a few small ferries were moored, the waves gently rocking their hulls, and several elderly people sat on benches watching the sea in silence.

On the fireboat, the Grantham

Leaving the pier, we continued walking, turning onto the glass-enclosed waterfront boardwalk. The railing was transparent, and the seawater could be seen through the glass beneath our feet. The sun shone on the sea, shimmering like scattered gold. The sea breeze was strong, whipping our hair into a frenzy. We leaned against the railing for a while, gazing at the rows of buildings in Tsim Sha Tsui across the water. The sky was a deep blue, the clouds a pure white.

We arrived in Central in the afternoon, the skyscrapers gleaming in the sunlight. Looking back, the mountains, the sea, and the city merged into one. We talked about probability, life, and the uncertainty of the future, our words flowing through the harbor, mingling with the sounds of the wind and birdsong. Along the way, the scenery was beneath our feet, the conversations were in our hearts. It turns out that even the most sophisticated algorithm cannot compare to a real journey—in an uncertain world, we learn to measure with our footsteps, to converse with our hearts, turning the journey into scenery. ■

Leaving our footprints on the glass-enclosed waterfront boardwalk

Arrival in Central

Guneet Kaur *FIA*
ASHK Member

STAGE 5: SIU SAI WAN TO ALDRICH BAY

Stage Five was planned as a shorter, more urban walk — perfect for squeezing in after work on a weekday. Instead of heading out on my own, I decided to bring my nine-year-old daughter, Amaya, along and turn it into a small, mid-week adventure together. It was a great way to unwind after a busy day.

We started at Siu Sai Wan, where the industrial surroundings slowly opened up into waterfront paths. While this stretch is often labelled "industrial," it actually has some really nice open spaces and well-designed paths that make the walk feel relaxed rather than busy.

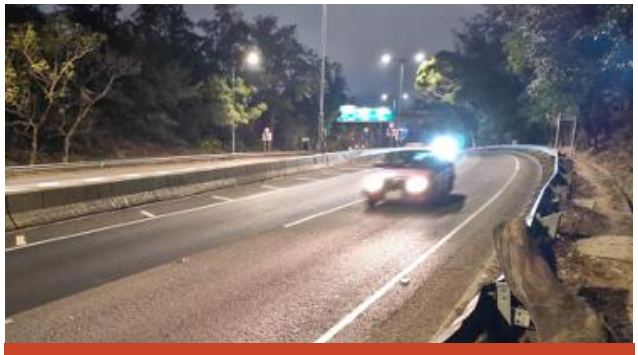
One of the highlights of this stage was the number of playgrounds along the route. For my daughter (and for others in the group!), the walk turned into a fun sequence of stops rather than one long stretch. Slides, climbing frames, and open areas gave her plenty to do, while I appreciated how thoughtfully these spaces had been planned.

Start off at Siu Sai Wan

It was also really nice to bump into and chat with other ASHK members, all with such diverse and interesting backgrounds. The conversations were informal and friendly, and it was great getting to know people from different experiences while sharing the same walk

Glad to get back to the main road after a bumpy uphill section

Good company and easy conversations meant we reached Aldrich Bay in no time. It was a relaxed and enjoyable route — a great reminder that walks don't need to be long or challenging to make a positive impact on both physical and mental wellbeing, which is exactly what the Weez Walk is all about. A big thank you to my teammates, ASHK, and all the donors for their generous support and contributions.



Watch out for the speedy car nearby!

Dominic Lee *FASHK*
Retired Member
SSSG Founding Chair

(For Chinese version please go to page 84)

STAGE 3: STANLEY TO DRAGON'S BACK

This section was the longest of the six routes (14.5 km), scheduled for the daytime of Friday, February 13, 2026. Since it was a workday, employed members could not join. In the end, only KP Wat and I participated.

We met at Exit F of Causeway Bay MTR station, had breakfast at a restaurant beside the terminus of green minibus route 40, and then set off. By the time we reached the starting point at Stanley, it was already past 10 a.m. The day was bright and sunny—perfect for a hike. Along the way, we passed Stanley Bay, the long aqueduct near Tiger Hill, the base of the Tai Tam Reservoir dam, and then entered Section 7 of the Hong Kong Trail. From there, we could see rows of Redhill Peninsula villas, Turtle Cove, and the Tai Tam Bay area. The scenery was stunning, with sparkling waters and lush mountains, bringing a sense of joy in escaping the city bustle and reconnecting with nature.

Perhaps both of us underestimated the length of the route, thinking we could still enjoy a late lunch at the finish. Unfortunately, things turned out differently. By the time we reached Tai Tam Reservoir, we realized we had only covered half the distance, and it was already noon. Luckily, I had brought two bananas—one for each of us—which gave us enough energy to continue.

Stanley Bay

Red Hill Peninsula

On the way, we talked extensively about ASHK, reminiscing about the bittersweet experiences of last year's SSSG, and openly sharing our thoughts on the challenges facing ASHK. Though our views sometimes differed, overall they were quite aligned. Beyond ASHK matters, I also recounted many anecdotes from my time working at AIA. Despite the long trek, our spirits remained high. Yet the route was demanding, with ups and downs and uneven ground. By the time we reached the area near To Tei Wan, my strength was nearly exhausted. Unfortunately, the next stretch was nothing but endless stair climbing—one flight after another (later I checked the map: we had ascended 120 meters). Thankfully, I had brought a hiking stick, which helped me inch forward, resting several times. I knew this was the "final push"—I could not give up, or all previous effort would be wasted. Gritting my teeth, I finally reached the end point of the journey: the start of Dragon's Back on Shek O Road. We were both overjoyed, having conquered the longest section. Checking the WayMe App, we saw that we had walked for 5 hours and 17 minutes. ■

In gentle spring, we wander hills,
Each heart attends to duty still.
The rising path steels lofty will,
No climb too steep, no pause too ill.

Dominic Lee and KP Wat at bottom of Tai Tam Reservoir dam

Danny Choi *FASHK*
SSSG Chair

(For Chinese version please go to page 86)

STAGE 1: CENTRAL TO CYBERPORT

The successful completion of the Weez Walk was truly a feat achieved despite numerous obstacles. From preparation to registration, team formation, and coordinating member availability for segmented walking projects, we were tasked with completing six segments in February, with the Lunar New Year in between. Frankly, I initially thought it was mission impossible.

On February 15th, our team of four from both teams embarked on a nearly 10-kilometer route from Central through Sheung Wan, Sai Wan, Victoria Road, and Sandy Bay to Cyberport. The day was sunny and perfect for an outing. Along the way, we passed the University of Chicago Hong Kong campus and admired the historic Jubilee Fortress, a truly memorable and beautiful sight. The three-hour walk was accompanied with fruitful exchange among the team. The team members enjoyed a delightful lunch at Cyberport, prepared for the remaining segments of the walk, and geared up for the aim to successfully complete our mission.

I am extremely grateful for the support by all team members, the ASHK, and all donors. Their support enabled us to achieve our goal and added a powerful message of unity to our fundraising efforts. ■

University of Chicago, HK Campus

Delightful lunch at Cyberport

Jubilee Fortress

Brian Chiu *FASHK*
Retired Member
SSSG Member

STAGE 2: CYBERPORT TO STANLEY

The three of us (Dominic Lee, KP Wat and Brian Chiu) set out on a glorious morning of 22 February 2026 for Stage 2 of the trail from Cyberport to Stanley. The weather couldn't have been more cooperative, with clear skies and comfortable temperature that made every step of our journey enjoyable. As we made our way along the coastal path, the stunning vistas of the South China Sea unfolded before us, but the absolute highlight was undoubtedly Repulse Bay. From our elevated vantage point, the iconic crescent-shaped beach sparkled invitingly below, its calm turquoise waters contrasting beautifully with the lush green hills surrounding it.

The four-and-a-half-hour trek flew by as we chatted, laughed and occasionally paused to catch our breath and to snap photos of the scenery. The trail offered that perfect balance of challenge and reward, with enough inclines to make us feel virtuous for supporting a good cause, while the ever-present ocean views kept our spirits high.

Repulse Bay

At Cyberport

Finally descending into Stanley, our weary legs carried us to the waterfront pub, where ice-cold German beers awaited. We clinked glasses in celebration as we had walked for charity but also walked for health and the joy of experiencing Hong Kong's stunning coastline on a perfect day. The beer never tasted so good. ■

At Stanley, end of trail

Alan Chan *FASHK*
Retired Member

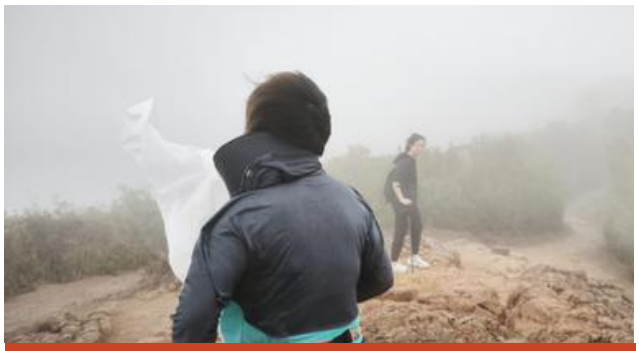
(For Chinese version please go to page 87)

STAGE 4: DRAGON'S BACK TO SIU SAI WAN

On February 28, we set out from To Tei Wan, crossed Dragon's Back, and made our way toward Siu Sai Wan.

Wind and rain struck our faces, bringing a refreshing chill. Along the trail, green leaves filtered the rain, releasing a surge of negative ions, and each breath carried an indescribable sense of ease. Raindrops pattered on the leaves with a rustling sound, as if heaven and earth were performing music just for me. Though the trail was wet and slippery, our steps remained steady, and within four hours we safely completed the journey in the heavy rain.

As we descended, the rain gradually eased. Looking back, the mountains seemed freshly washed. Suddenly I thought: isn't life just like this? Only after walking through storms do we truly cherish the clarity; only after enduring hardship do we realize peace is a blessing. Those cold raindrops that once struck my body have already become warm memories for the days ahead. ■



Refreshing chill on our faces

After enduring hardship, peace is a blessing

Struck by wind and rain

SPORTS AND SOCIAL SERVICES GROUP (SSSG)

Other activities in January and February...

Sports Event:

Football Match: ASHK vs MPFA
January 2026@Kwun Tong On Sau Road Playground

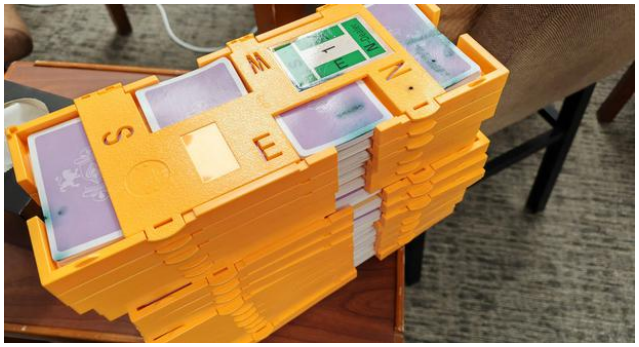
What a game! The friendly 7-a-side showdown between ASHK and MPFA was packed with fast breaks, slick passes, and nonstop attacking action. Both teams came out with strong attacking intent, creating end-to-end action and plenty of goal-scoring opportunities — but the real heroes were the goalkeepers, pulling off save after save.

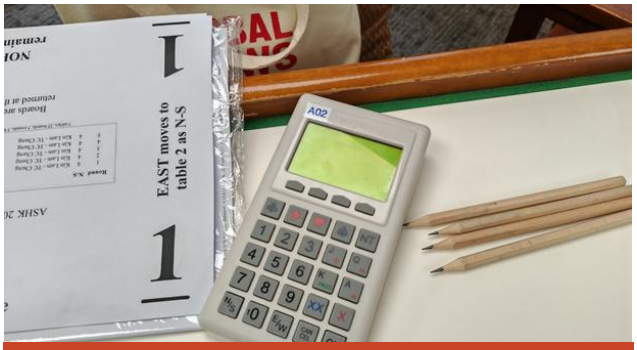
Great sportsmanship, great energy, and a great day of football. Looking forward to the next clash!

On 26 Jan 2026, the ASHK Football Team played a football match versus the MPFA

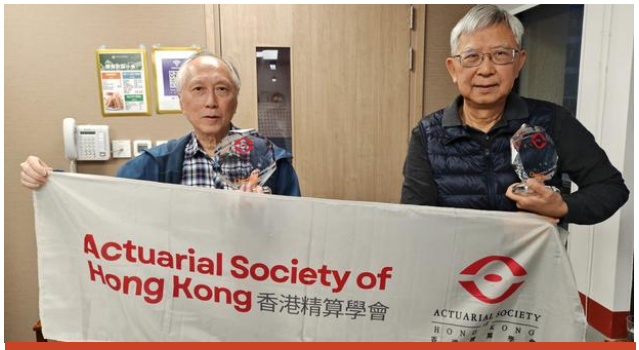
Bridge Event:

The SSSG held the first ASHK bridge competition on 31 Jan 2026, attracting retired members and student members to join the game.





Professional equipment for bridge competition and tropies



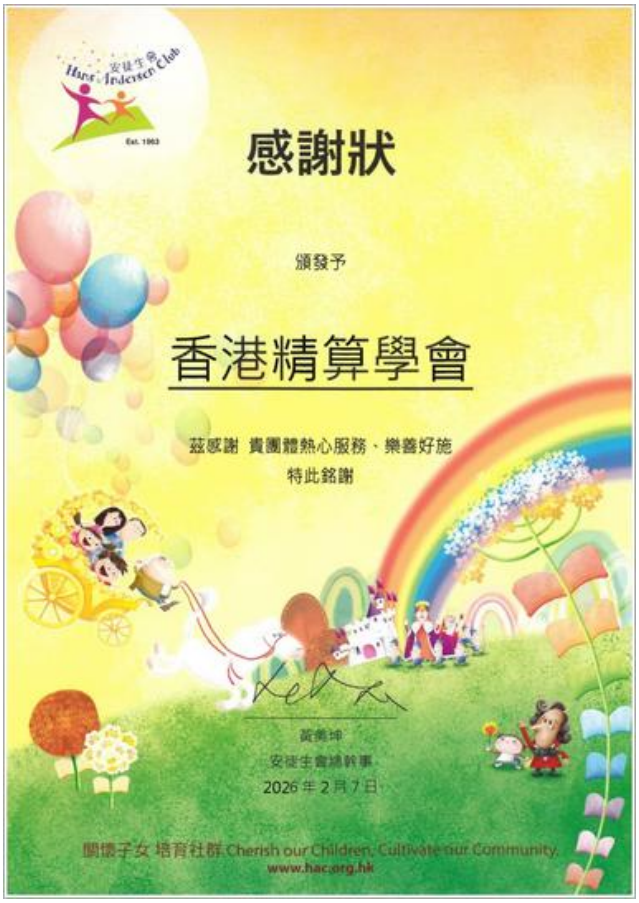
Competition Champion Team:
Simon Poon and Koon Cheng

Event Coordinator Timothy Shum, with Competition First Runner-up Team: Chow Wai Chuen and Dick Leung

Social Services Event:

On 7 Feb 2026, the ASHK SSSG teamed up with the Hans Andersen Club and AS Watson to host a children's service event at HKU, featuring a campus tour, treasure hunt and mini maths games.

Volunteers from the ASHK and AS Watson visited HKU Campus with the children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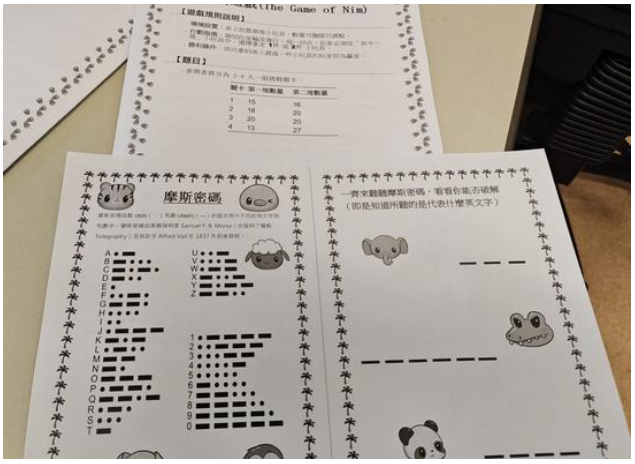
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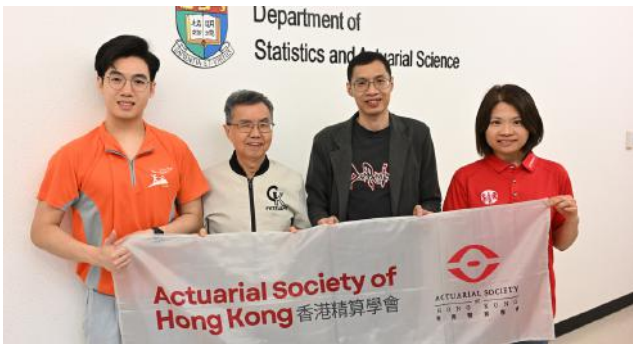
Department of
Statistics and
Actuarial Science
Actuarial Society of
Hong Kong 香港精算學會

YOUNG ACTUARIES GROUP (YAG) INITIATIVE

ASHK CAREER CONNECT — COMING SOON

What if getting honest career advice from a senior actuary was as simple as booking a coffee chat?

That is exactly what ASHK Career Connect sets out to do. Launching this spring as a new member benefit, Career Connect matches young actuaries with experienced industry professionals for one-off, confidential conversations. No agenda, no long-term commitment, just candid perspective from someone who has been where you are.

Whether you are weighing a career move, navigating a crossroads, or simply want an outside view from a seasoned practitioner, Career Connect gives you direct access to the kind of frank, experience-based guidance that is hard to find elsewhere.

This is not a mentorship programme. It is something simpler and more flexible — a structured way to have the conversations that matter, on your terms.

Details on how to register and meet our advisor lineup will be announced shortly. Watch this space. ■

STUDENT CORNER - PREPARE FOR YOUR ACTUARIAL CAREER

Health Insurance Intro: From Theory to Reality

In 25Q3 Actuzine 精誌 , there was a feature article about “Hospital Price Transparency in Hong Kong”. It may sound like a sophisticated healthcare topic at first glance, but it actually provides a great entry point for students to understand health insurance.

Health Insurance: A Backup for Your Wallet

Let’s begin with the simplest question: What is health insurance? You pay premiums, and if you become ill, injured, or need medical treatment, the insurer helps cover part of the medical bill. The idea is simple, but in practice, health insurance is a fast-changing type of insurance because the resulting costs, and thus the claim amount, depend heavily on patient behavior and provider practices.

In textbooks, health insurance is often introduced with clean frameworks and tidy assumptions: expected claims have two components: how often people claim (frequency) and how much each claim costs (severity). We then project expected claims (with expenses, risk margins, cost of capital) to arrive at the premium.

But in the realworld, health insurance is more complex. Life insurance, for example, is more objective – either some has died or not. But for health insurance, which tests will be run for correct diagnosis, what procedures will the doctor perform, what medicines will be prescribed? And that what will the follow up be? Decision made by the patient (the policyholder!) and the healthcare providers will impact on all the above. This means that even if the data and actuarial calculations are sound, changes in the real-world environment can shift key assumptions, and the results can deviate more than expected.

Why Real-World Health Insurance Often Differs from the Textbook?

1. Uncertainty in Who Enters the Risk Pool

In theory, it's assumed that the risk pool contains a reasonable mix of low-risk and high-risk individuals. In reality, health insurance is highly exposed to adverse selection: people who expect to use healthcare are more likely to buy a comprehensive cover, while healthier people may delay purchase or choose the cheapest plan. Over time, this can push claims higher and force premiums upward. When premiums increase, healthier policyholders may be more likely to lapse. This leaves a higher-risk pool behind, which can push claims costs up even further.

2. Moral Hazard

People may be more willing to seek medical care because the out-of-pocket cost is reduced once insured. This is not necessarily "abuse" but a natural response to reduced financial barriers. That's why health insurance product design matters so much. Deductibles, co-insurance, benefit limits, waiting periods, and pre-existing condition rules are not just legal fine print. These features directly influence how policyholders use medical services and ultimately determine whether the insurance remains sustainable and affordable.

3. Volatile Medical Inflation

Textbooks may treat inflation as a simple annual percentage increase. In real life, the inflation trend can jump due to new technologies, expensive drugs, changes in provider pricing behavior, etc. Pricing involves not only "plugging numbers into a formula" but also understanding how the healthcare system evolves over time.

Hong Kong's Price Transparency Reform

This is where the feature article "Hospital Price Transparency in Hong Kong" becomes especially relevant. The feature article opens with a striking analogy: would you stay at a hotel if the bill was hidden until you checked out? In Hong Kong, private hospital bills can be hard for patients to predict in advance, and large differences in charges are often difficult for patients to interpret. And without any pricing anchor, hospitals can charge for any services at any prices, without anyone being able to challenge. (This is especially true if the hospital knows you have medical insurance.)

To address this, Hong Kong's health authorities have proposed reforms aimed at encouraging more standardized and comparable disclosure of information.The proposals include standardized publication of fee schedules, written pre-treatment cost estimates, and annual reporting of historical billing statistics. The intent is not to cap prices, but to reduce surprises and make costs easier to find, interpret, and compare.

From a health insurance perspective, unpredictable hospital billing feeds into higher and more volatile claims. Over time, that volatility could translate into higher premiums. This could potentially reduce insurance uptake and shift more demand back to the public system. This highlights that price transparency has implications beyond individuals and may influence broader healthcare dynamics.

However, making hospital charges easier to compare is not as simple as publishing a price list. Two patients may both be listed as having the "same" procedure, but one case might be straightforward while the other is more complicated due to age or other illnesses. A more complex case naturally costs more because it needs longer surgery time, longer hospital stays, more diagnostic scans, etc. Therefore, for cost analysis, one possible analytical approach is to group patients by similar complexity, not just by procedure name, such that the comparisons reflect real differences in pricing rather than differences in patient condition.

Find Out More from 25Q3 Actuzine

As Hong Kong's transparency reforms progress, actuaries will have more data than ever. But the value lies in interpreting it properly, linking it to claims experience, and making fair comparisons. Any published price information needs careful interpretation before being usedfor any business decisions.

Now that you have read this article, the 25Q3 Actuzine 精誌 feature article on "Hospital Price Transparency in Hong Kong" will make much more sense.

Stay tuned for future volumes for more sharing on interesting actuarial topics! And please let us know if there are any particular topics you'd like us to address. ■

UPCOMING EVENTS

10 Apr 2026

GI Forum Networking Event- Building Property Insurance: Multi-Perspective Deep Dive (details)

5 May 2026

ASHK Professionalism Webinar (details)

16 May 2026

ASHK Tennis Networking Event (stay tuned)

9 Jun 2026

ASHK Certificate Equivalent Course (details)

26 Jun 2026

ASHK Certificate Exam (details)

16 Jul 2026

Joint Conference with IFoA (stay tuned)

MEMBERSHIP UPDATE

New Members

Name	Company/University	Membership
Akshay Dhand	Chubb Life Asia	Chartered Member
Alexander Patrik Aeberli	EY	Chartered Member
Amitkumar Upendra Tiwari	Prudential Hong Kong Ltd	Chartered Member
Anqi Xue	AIA	Chartered Member
Anthea Beckie Leung	Prudential Hong Kong Ltd	Chartered Member
Chak Chiu Li	Manulife	Chartered Member
Chi Ho Wan	Prudential Hong Kong Ltd	Chartered Member
Chi Kin Timothy Lee	Peak Reinsurance Company Ltd	Chartered Member
Chun Shu Ng	Prudential Corporation Asia	Chartered Member
Fengli Hu	ChinaLife	Chartered Member
Harrod Law	FIS Global	Chartered Member
Helbert Shun Him Tsang	Aon	Chartered Member
Ho Lun Lok	AIA	Chartered Member
Jason Christopher Alleyne	Aon	Chartered Member
Jateen Chhagan Vaghela	-	Chartered Member
Kaysha Lam	AIA	Chartered Member
Ke Feng	Peak Reinsurance Company	Chartered Member
Kwan Ho Soo	Prudential Corporation Asia	Chartered Member
Kwan Yeung Emerson Lam	YF Life Insurance International Ltd	Chartered Member
Lee Graham Waddle	Transamerica	Chartered Member
Lee-Or Brittz	Prudential Corporation Asia	Chartered Member
Michael Zheng	Prudential Corporation Asia	Chartered Member
Ming Hon Tse	Prudential Hong Kong Ltd	Chartered Member
Pui Wan Emily Chung	Well Link Life	Chartered Member
Ronald Wan	-	Chartered Member
Russel Lok	Ageas Asia	Chartered Member
Tin Lam Kong	Prudential Hong Kong Ltd	Chartered Member
Ting Lam Hui	Prudential Corporation Asia	Chartered Member
Wai Shek Lau	Prudential Hong Kong Ltd	Chartered Member

MEMBERSHIP UPDATE

New Members

Name	Company/University	Membership
Wilson Seng	Starr International Insurance	Chartered Member
Xiaokai Shi	FuSure Reinsurance	Chartered Member
Xiaoling Kong	FuSure Reinsurance	Chartered Member
Xin Li	Asia Insurance	Chartered Member
Yat Fai Lam	HSBC Life	Chartered Member
Yin Cheung So	Prudential Corporation Asia	Chartered Member
Yizhou Jiang	Prudential Corporation Asia	Chartered Member
Chak Man Chan	Manulife	Associate Member
Chiqian Fu	KPMG	Associate Member
Chun Yin Arthur Liu	Swiss Re	Associate Member
Justin Zhou	China reinsurance Ltd HK	Associate Member
Pat Curtin	Aegon International	Associate Member
Tik Shun Law	YF Life Insurance International Ltd	Associate Member
Wei Ding	WTW	Associate Member
Wei Song	Munich Re	Associate Member
Kwan Ching Chan	Bupa	Ordinary Student Member
Massimilia Adamo	Assicurazioni Generali S.p.A.	Ordinary Student Member
Mengke Lyu	Manulife	Ordinary Student Member
Wing Chi Josephine Poon	WTW	Ordinary Student Member
Abilmansur Amandyk	The City University of Hong Kong	University Student Member
Bo Yuan Lian	Hang Seng University of Hong Kong	University Student Member
Boyu Su	The University of Hong Kong	University Student Member
Cheuk Hang Ho	The University of Hong Kong	University Student Member
Chi Kuan Yung	The Hong Kong University of Science and Technology	University Student Member
Ching Yin Lai	The University of Hong Kong	University Student Member
Chun Him Liang	The London School of Economics and Political Science	University Student Member
Chun Shek Hoi	The Hong Kong University of Science and Technology	University Student Member
Chun Ting Li	The University of Hong Kong	University Student Member

MEMBERSHIP UPDATE

New Members

Name	Company/University	Membership
Chun Yat Conrad Ngai	The Chinese University of Hong Kong	University Student Member
Chun Yee Wong	The University of Hong Kong	University Student Member
Chun Yin Fung	The Hong Kong Polytechnic University	University Student Member
Chun Yin Wong	The City University of Hong Kong	University Student Member
Danruo Yan	The Hong Kong Polytechnic University	University Student Member
Enze Yang	The Hong Kong University of Science and Technology	University Student Member
Haoxiang Dong	The City University of Hong Kong	University Student Member
Hei Cheung	The Chinese University of Hong Kong	University Student Member
Hei Yan Chloe Lam	The University of Hong Kong	University Student Member
Hsu Wei Liu	The Chinese University of Hong Kong	University Student Member
Hu Linyin	Lingnan University	University Student Member
Jawad Mahmud	The City University of Hong Kong	University Student Member
Jiajun Yan	The University of Hong Kong	University Student Member
Jiaxin Qian	The University of Hong Kong	University Student Member
Ka Hing Lee	The Hong Kong University of Science and Technology	University Student Member
Ka Pak Mok	The University of Hong Kong	University Student Member
Kam Yung Lau	The Hong Kong University of Science and Technology	University Student Member
Kangrui Liu	The University of Hong Kong	University Student Member
King Hei Jeffery Fan	The Hong Kong University of Science and Technology	University Student Member
Kwong Sing Shum	The University of Hong Kong	University Student Member
Li Ganlin	The Chinese University of Hong Kong	University Student Member
Linya Geng	The Hong Kong Polytechnic University	University Student Member
Lisha Fu	The University of Hong Kong	University Student Member
Lok Him Cheung	The Chinese University of Hong Kong	University Student Member
Luxiao Qian	The Hong Kong Polytechnic University	University Student Member
Manting Lee	The Chinese University of Hong Kong	University Student Member
Miaoxin Peng	The Hong Kong Baptist University	University Student Member
Ming Yin Fong	The Chinese University of Hong Kong	University Student Member

MEMBERSHIP UPDATE

New Members

Name	Company/University	Membership
Mohit Mahesh Jetley	The Hong Kong University of Science and Technology	University Student Member
Nga Sze Lam	The Chinese University of Hong Kong	University Student Member
Ngo Yi Cheung	The University of Hong Kong	University Student Member
Pak Chuen Chow	The Hong Kong University of Science and Technology	University Student Member
Qingyi Gu	The Hong Kong Polytechnic University	University Student Member
Renchi Xie	The Hong Kong Polytechnic University	University Student Member
Ruihan Zhao	The Hong Kong Polytechnic University	University Student Member
Sarah Waseem	The City University of Hong Kong	University Student Member
Sheung Yau Chung	The Hong Kong Polytechnic University	University Student Member
Shiu Chun O	The University of Hong Kong	University Student Member
Suhwan Cho	The University of Hong Kong	University Student Member
Sze Man Ng	The University of Hong Kong	University Student Member
Tai Cho Lai	The Hong Kong University of Science and Technology	University Student Member
Tak Po Cheung	The University of Hong Kong	University Student Member
Tian Zheng	The Hong Kong Polytechnic University	University Student Member
Tsun Ho Hung	The City University of Hong Kong	University Student Member
Tsz Hei Lam	The University of Hong Kong	University Student Member
Tsz Lok Yu	The Chinese University of Hong Kong	University Student Member
Tsz Man Anthony Chen	The Chinese University of Hong Kong	University Student Member
Wee Lee Tan	University London College	University Student Member
Wui Shing Kung	The Hong Kong Polytechnic University	University Student Member
Xiangjing Su	Hang Seng University of Hong Kong	University Student Member
Xiaorui Yuan	The University of Hong Kong	University Student Member
Xiaoyang Yan	The Hong Kong Polytechnic University	University Student Member
Xiaoyuan Ma	The Hong Kong University of Science and Technology	University Student Member
Xinran Chen	The Hong Kong Polytechnic University	University Student Member
Xinshu Wang	The Hong Kong Polytechnic University	University Student Member
Yan Jun Fan	The Hong Kong Polytechnic University	University Student Member

MEMBERSHIP UPDATE

New Members

Name	Company/University	Membership
Yang Zhong	The Hong Kong Baptist University	University Student Member
Yaoyu Wang	The Hong Kong Polytechnic University	University Student Member
Yi Yan Kwan	The Hong Kong University of Science and Technology	University Student Member
Yidi Zhan	The Hong Kong Polytechnic University	University Student Member
Yin Tung Angel Lam	The University of Hong Kong	University Student Member
Yin Yu Chan	The Chinese University of Hong Kong	University Student Member
Ying Feng	The Hong Kong Polytechnic University	University Student Member
Ying Li	The Hong Kong Polytechnic University	University Student Member
Yuehao Zhou	The Hong Kong Baptist University	University Student Member
Yuetong Chen	The Hong Kong Polytechnic University	University Student Member
Yuk Lam Chan	The University of Hong Kong	University Student Member
Zhixuan Wang	The Hong Kong Polytechnic University	University Student Member
ZhouXi Wu	The University of Hong Kong	University Student Member
Zifeng Zhan	University of California, Santa Barbara	University Student Member
Ziyan Sun	The Hong Kong Polytechnic University	University Student Member

Membership Advancement

Name	Company/University	Membership
Chi Kit Alex Wong	Chubb	Fellow Member
Ka Tsun Chan	AXA	Fellow Member
Pei Guan	YF Life	Fellow Member
Hei Shun Matthew Ho	AIA	Fellow Member
Wenjun Huang	China Taiping Life	Fellow Member
Hyuck Woo Chun	AON	Fellow Member
Kai Cho Kong	KPMG	Fellow Member
Mingze Li	AIA	Fellow Member
Jiajing Liang	Deloitte	Fellow Member
Yilong Li	AIA	Fellow Member
Jane Hsiao Wen Lok	-	Fellow Member

Membership Advancement

Name	Company/ University	Membership
Qingyun Zhou	-	Fellow Member
Man Tat Henry Ho	FWD	Fellow Member
Sheung Yee Yu	Deloitte	Fellow Member
Henry Hon	Prudential	Chartered Member
Victor Chen	RGA	Chartered Member

Members on the Move

We're very proud to share with you the following ASHK members who have advanced to top management positions at their companies.

- Alexander Wong *FASHK*, Group Chief Actuary, FWD Insurance
- Ben Ng *FASHK*, Chief Insurance Officer, Generali Life (Hong Kong)
- Betty Lee *FASHK*, Chief Product Officer, CTF Life
- Carrie Yip *FASHK*, Managing Director, Group Chief Actuary, HSBC Life
- Louis Lee *FASHK*, Group Head of Agency Digital and AI, Prudential plc
- Michael van Vuuren *FASHK*, Chief Capital Officer, AIA Group
- Rockson Leung *FASHK*, Chief Corporate Governance Officer, FWD Insurance
- William Man *FASHK*, Head of Product Development, Manulife Singapore

Congratulations to them for their great achievements in their careers!

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Regional Director, Americas
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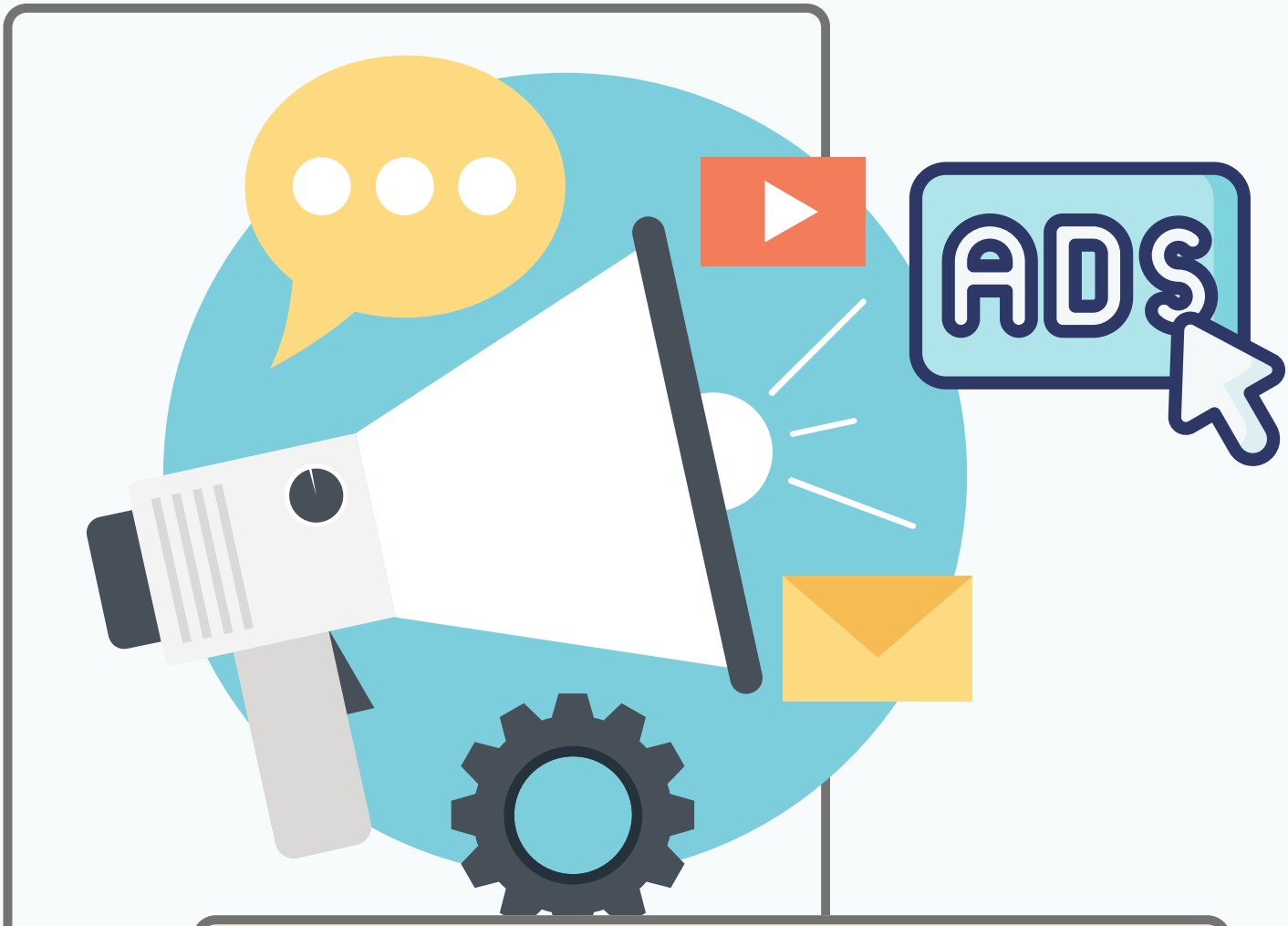

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THE THROWBACK SPECIAL

Written Interview before the Publication of the Commemorative Pictorial "AIA at 100: Forever Young"

Dominic Lee *FASHK*
Retired Member

Foreword: 2019 marked the centenary of AIA and the 25th anniversary of the AIA-Fudan Actuarial Centre. Under the leadership of Professor Hanji Shang, the Chinese Director of the Centre at the time, a commemorative pictorial titled "AIA at 100: Forever Young" (《百年友邦正年輕》) was published by Fudan University Press. The book captures AIA's hundred-year legacy through a series of visual narratives, reflecting the Company's growth amidst a changing society. The following is a record of the written interview with Dominic Lee conducted by the editorial board of the pictorial at the time.

Q: Following AIA's "homecoming" to China, the Company collaborated with prestigious institutions, including Fudan, Sun Yat-sen, USTC, Peking, and Nanjing Universities, to set up AIA Actuarial Centres. Could you tell us about the vision behind establishing these centres back then? Are there any memorable individuals or anecdotes from the development of these Centres that stand out to you?

Lee: Prior to the establishment of AIA Shanghai, the Company steadfastly pledged to the People's Bank of China (PBOC): should the license to operate in China be granted, utmost efforts would be dedicated to sharing AIA's decades of insurance expertise in marketing, management, and actuarial fields with local counterparts, to foster the development of the Chinese insurance industry.

In 1992, the PBOC approved the establishment of AIA Shanghai. While jubilantly celebrating its "homecoming" to China, the Company was equally keen to fulfill its promises. At that time, internationally recognized actuaries, actuarial students, and examination centres for Western actuarial societies simply did not exist in Shanghai. Recognizing this void, AIA swiftly requested the Society of Actuaries (SOA) to establish an exam centre in Shanghai.

Lee: Typically, insurance companies would have employees interested in taking actuarial exams. The Company therefore invited PICC to send staff members to sit for the inaugural exam. However, PICC replied that no candidates were available. As a result, at the first-ever actuarial exam in Shanghai, there was but a single candidate: AIA's own employee, Hong Lin. At the time, prominent academics from several major institutions, including Professor Zhigang Xie from Shanghai University of Finance and Economics (SUFE), as well as Professor Jingnong Wang from East China Normal University (ECNU), vigorously encouraged their students to sit for actuarial exams. Later, Yunyu Zheng, a lecturer from Fudan University, who also took the exam, proposed the idea of establishing an actuarial centre. He subsequently paved the way for my meeting with Professor Hanji Shang. Since actuarial textbooks and exam fees were prohibitively expensive for most students, Professor Shang proposed a collaborative framework: AIA would provide financial support, while Fudan would promote the exam and provide relevant training for students. Notably, the centre would not be limited to Fudan students, but would also welcome those recommended by ECNU and SUFE. As this proposal aligned perfectly with AIA's commitment to promoting actuarial science, the Company agreed to the proposal without any hesitation.

Building on the promising start of the Actuarial Centre in Shanghai, AIA sought to replicate this successful model with top-tier universities in every city where it was granted an operating license. Leveraging the proven AIA-Fudan framework, AIA and Sun Yat-sen University (SYSU) jointly founded the AIA-SYSU Actuarial Centre after the Company obtained the license to enter the Guangzhou market. This approach was later extended to Peking University and Nanjing University, where additional actuarial centres were established under the same philosophy.

Q: AIA hadn't secured a business license in Hefei at the time. Why, then, was the AIA-USTC Actuarial Centre established?

Lee: I first met Zhiqiang Wu, a lecturer from the University of Science and Technology of China (USTC) in Hefei at an actuarial conference years ago. He was remarkably persistent in emphasizing how brilliant his students were and how eager they were to sit for actuarial exams. He continuously advocated for AIA to set up an actuarial centre in Hefei. I told him frankly that despite USTC's excellence, it was a challenging proposition because AIA didn't have a license to operate in that city. However, Wu remained undeterred, approaching me time and again. Moved by his persistence, I began to recognize that USTC is a top-tier school, and having their students on board would surely accelerate the development of actuarial science in China. Still, I needed to be prudent and proceed with caution. I offered a deal to Wu: USTC would send several students to the next actuarial exam in Shanghai, with all expenses covered by AIA. If they delivered good results, we would make an exception and establish a centre in Hefei; otherwise, we would drop the matter entirely. Wu agreed. As it turned out, every student sent by USTC not only passed the exams in Shanghai but did so with distinction. Thus, the AIA-USTC Actuarial Centre was born.

Q: After re-entering the mainland China market in 1992, AIA led the industry with numerous groundbreaking initiatives. Could you elaborate on the milestones achieved in strengthening the Company's middle- and back-office infrastructure and driving operational excellence?

Lee: The Agency System: AIA's most significant contribution upon its return to China is widely considered to be the introduction of the agency system. Previously, if individuals wanted to buy insurance policies, they had to take the initiative to visit an insurance company's office. AIA changed this by having agents proactively introduce the benefits of insurance to the public and actively promote the concept of protection. This model was later embraced by the entire industry and became the dominant sales channel, playing a pivotal role in making insurance accessible to the general public.

Localization of Talent: AIA prioritized hiring local talent in fields where expertise was readily available, such as IT and medical underwriting. For areas where local expertise was scarce, notably in actuarial science and management, the Company proactively cultivated talent, striving to have local employees take on key positions and succession roles as quickly as possible. This was achieved by seconding senior staff from the Head Office to provide on-site guidance, as well as sending local staff to the Head Office for advanced training. In 1998, Weimin Bo from AIA Shanghai became China's first FSA (Fellow of the Society of Actuaries). Subsequently, in 2000, his colleague Hong Lin became the first female FSA in China.

The Role of the Actuary: AIA's traditional management model places great emphasis on actuarial integrity, giving actuaries an authoritative say in the Company's decision-making. Not long after AIA started operating in China, market interest rates surged. Many insurance companies responded by raising their pricing rates to match market levels, allowing them to charge relatively lower premiums. While the sales team at AIA Shanghai faced immense pressure to follow suit, actuaries at the Head Office cautioned that the high interest rate levels were likely a temporary phenomenon. They warned that locking in high pricing rates for long-term policies would pose substantial risks. Consequently, the Company took a decisive stand and refused to follow market trends despite sales pressure. This led to AIA's premiums being higher than those of its competitors, and sales volumes fell far short of expectations. On the other hand, the Company adapted its product strategy and worked closely with regulators to help shape and promote the "Notice on Actuarial Provisions for Participating Insurance" (《分紅保險精算規定》). By becoming the first company in the market to launch participating insurance products, AIA managed to protect customers' interests while keeping operational risks firmly under control.

Years later, as interest rates dropped significantly, companies that had priced their products using high interest rates suffered massive negative interest margins (interest rate spread losses). In contrast, AIA's losses from interest rate spread were substantially lower.

Lee: With this example, AIA showcased the critical role of actuaries to the market. Certain decisions cannot be based on market trends alone; they must also pass through the rigorous scrutiny of the actuary, a vital financial gatekeeper. ■

Professor Hanji Shang (Chinese Director of the AIA-Fudan Actuarial Centre) presenting a souvenir to Weimin Bo, the first FSA in China.

AIA-Fudan Actuarial Centre

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Lisa Chen
學生會員

第六段：筲箕灣到中環

从筲箕灣起步时，海面还蒙着一层薄雾。我们这支队伍——学生、老师、精算师，还有一位退休的前辈——沿着海滨线开启环岛漫步。

先到了鲗鱼涌公园，葛量洪号灭火轮就停在那里。红色的船身很大，搁在岸上，像个退休的老人。我绕着走了一圈，铁锈斑斑的，能想见它当年在海上的样子。旁边就是海，有人在跑步，有人在遛狗，平静安逸。

再往前走，到了北角。市集里热热闹闹的，菜摊鱼档挤在一起，阿婆在挑青菜，鱼贩子吆喝着刚到的海鱼。我穿过人群，闻到咸鱼和烧腊混在一起的味儿。码头那边就安静多了，几条小轮泊着，海浪轻轻晃着船身，几个老人坐在长椅上看海，一句话也不说。

在葛量洪号灭火轮上

从码头出来，继续走，拐上了玻璃海滨栈道。栏杆是透明的，脚下的玻璃里能看见海水。太阳照在海面上，闪着一片碎金。海风很大，吹得人头发乱飞。我们靠在栏杆上望了一会儿，对面尖沙咀的楼排成一溜，天很蓝，云很白。

午后抵达中环，摩天大楼在阳光下闪着光。回望来路，山与海与城连成一线。我们谈着概率、人生、未来的不确定性，话语在海港间流转，与风声鸟鸣交织。这一路，风景在脚下，对话在心中。原来最精妙的算法，也抵不过一次真实的行走——在不确定的世界里，我们学着用脚步丈量，用心对话，把路途走成风景。■

在玻璃海滨栈道，印上我们的足迹

抵达中环

(For English version please go to page 53)

李達安 *FASHK*
退休會員
SSSG 創始主席

第三段：赤柱到土地灣

這一段是6段中，路途最長的（14.5公里），安排在2026.02.13星期五的日間進行。所以在職的會員，因爲要上班，無法參加。最後，只得 KP Wat和我二人。

我們在銅鑼灣地鐵站F出口集合，往40號綠綫小巴總站旁邊的食肆吃了早點才上路，到了赤柱起步點，已經是10時多了。當天風和日麗，是個郊游的好日子。沿途經過赤柱大灣、老虎山悠長的引水道、大潭水塘大壩的底部，轉入港島徑第7段，遠眺紅山半島的一排排的別墅、龜背灣、大潭港一帶。以上的行程，都可以觀賞到非常漂亮的水光山色，感覺到能夠遠離塵囂，與大自然接觸的莫名喜悅。

也許兩人都輕視了路程的長度，以爲到達終點的時候，還可以吃個晚一點的午飯。可惜事與願違，到達大潭水塘的時候，計算路程，只是行了一半，已經是中午12時了。幸好我帶了兩隻香蕉，每人一隻，吃了之後，便繼續上路。

赤柱大灣

紅山半島

途中，我們不斷談論關於ASHK的事情，對於去年SSSG所感受到的甜酸苦辣，不勝回味；也對ASHK面對的問題，毫不掩飾地提出個人的想法，雖然或有所不同，但是從大方向來說，還是頗爲一致的。除了ASHK的事務，我也向 Wat 講述了我在AIA工作時候的不少軼事，所以行了很久，精神狀態還是不錯。但是，路途非常長，有點起伏，地面有時不大平坦，到達了土地灣附近，我的體力已經是所餘無幾了。很不幸，接下來的全是攀樓梯，一段又一段的，永遠攀不完（事後看地圖，共攀登了120公尺）。還算好，我帶備了行山杖，一拐一拐地，歇息了好幾回，心裏知道是“臨門一脚”，不能放棄，以致前功盡廢，終於咬實牙根，登上了旅途的終點 – 石澳道龍脊的起點，大家都興奮莫名，總算是征服了這最長的一段路程。看一看WayMe App, 原來已經行了5小時17分了。■

春 和 日 朗 往 山 遊
會 務 關 懷 各 自 謀
起 伏 增 添 鴻 鵠 志
攀 山 不 怕 怕 停 留

Dominic Lee 和 KP Wat 在大潭水塘大壩的底部

(For English version please go to page 55)

Danny Choi *FASHK*
SSSG 主席

第一段：中環到數碼港

可以順利完成Weez Walk，實在是排除萬難。由籌備到成功報名， 再組隊夾組員時間參與分段步行項目， 我們要於二月份完成六段步行， 中間隔著農曆新年，坦白說一開始我認為是不可能的任務。

2月15日我們兩隊四位組進行了從中環經上環、西環、域多利道、大口環到達數碼港近10公里的路線。 當日陽光明媚適合郊遊，途中經過芝加哥大學香港校園，欣賞到歷史遺跡銀禧炮台，景色宜人印象令人深刻。 三小時的行程在大家閒談之間輕鬆完成， 團員在數碼港開懷共晉午餐，為及後完成剩餘路段積極籌備，迎接我們合力創造成功完成的任務。

在此我非常感謝兩組隊伍組員、學會及所有捐款者的支持，支撐我們完成目標並為籌款添加一份團結就是力量的意義。■

芝加哥大學香港校園

數碼港開懷共晉午餐

銀禧炮台

(For English version please go to page 57)

Alan Chan *FASHK*
退休會員

第四段：龍脊到小西灣

二月廿八，土地灣起行，越龍脊而往小西灣。

天風挾雨，撲面生涼。山林間綠葉篩雨，撞出滿山負離子，呼吸間竟有說不出的暢快。雨聲打在葉上，沙沙作響，像是天地為我奏樂。路雖濕滑，步履卻穩，在大雨之中，四小時內安然走完全程。

下山時雨漸停歇，回望來路，山巒如洗。忽想：人生不也如此？走過風雨，方知清朗可貴；經歷艱難，始覺平安是福。那些打在身上冷冷的雨點，原來都是日後暖暖的回憶。■

撲面生涼

走過風雨、清朗可貴

天風挾雨