



East Asian Actuarial Conference

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ERM / ORSA / RBC2



Enterprise Risk Management


(MAS Notice 126, 1 Jan 2014)

ERM	Own Risk and Solvency	RBC 2
<p>Identify & manage interdependencies between key risks</p> <p>Translates into management actions related to strategic & capital planning matters</p>	<p>Annually assess adequacy of risk management & solvency position</p> <p>Document rationale, calculations & action plans arising from assessment</p>	<p>Improve comprehensiveness of risk coverage & sensitivity</p> <p>Include new risks potentially lead to increased capital req, cost of writing new business</p>
<p>Impact Potential increase in capital depending on final calibration Relook guarantees due to potential increase in cost of asset/liability mismatch</p>		

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Global Regulatory Reforms in Market Conduct



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FOFA (Aus)

- Quality of Financial Advice
- Enhance standards to align interests
- Facilitate access to advice through simplicity
- Tweak advice fees & ban conflicted remuneration

RDR (UK)


- Raising professional standard
- Independence requirements
- Remuneration of Advisers
- Capital requirements for FA firm

FAIR (Sg)

- Raising Competence of FA Reps
- Raising the Quality of FA Firms
- Making FA a dedicated service
- Lowering distribution cost
- Promote a culture of Fair dealing


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Financial Advisory Industry Review (FAIR)



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- 55% cap on commissions in first year
- Balanced scorecard for remuneration
- Ban product-specific incentives



FAIR

- Minimum Qualification of new FA Rep to "A" Level, or Diploma
- Mandatory training on Ethics and Rules & Regulations

- Higher Competency standards of management & employees
- Dedicated compliance functions
- Enhanced financial requirements
- Disallow non-FA activities
- More stringent background checks
- Introducers & Introducing Arrangements

1 Raising the Competence of FA Representatives

2 Raising the Quality of FA Firms

3 Making Financial Advisory a Dedicated Service


4 Lowering Distribution Cost

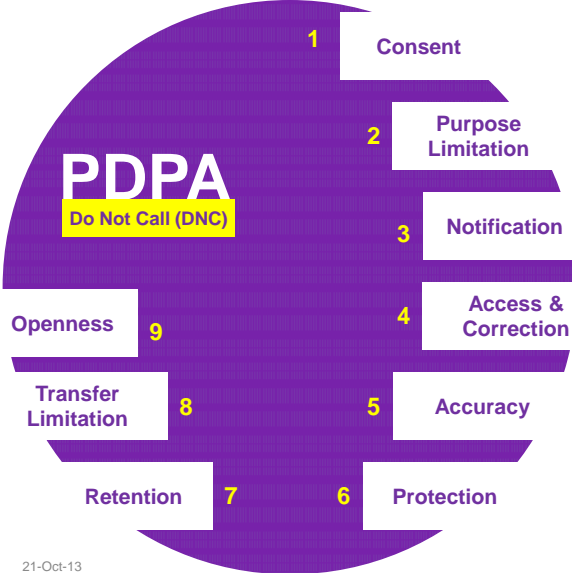
5 Promoting a Culture of Fair Dealing

- Web aggregator
- Direct channel
- Transparency of products

4

Customer Privacy Protection






- An organisation must obtain consent of the individual before collecting, using or disclosing his or her personal data for a purpose.
- No consent unless the individual has been notified of the purpose.
- As best practice, an organisation should obtain consent in writing or recorded in a manner that is accessible for future reference.

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Opportunities



OP- POR- TUNI- TIES

Understand changing customer behaviour and constraints in new landscape

Strengthen linkages among actuarial functions such as pricing, capital, valuation, solvency and reinsurance.

Adopt a strategic approach towards risk
actuaries can value add significantly

Actively participate in regulatory developments through forums such as the Actuarial Society, LIA/GIA

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Thank you