



President's Address

Patrick Cheah

2008 was an eventful year for the world economy in general. The past President, Raymond Lai, highlighted the 3 Fs that were the key words for 2008: fuel, food and finance. So, what do we see the year 2009 to be?

So far, 2009 started with a big bang: full RBC implementation. Actuaries sweated on the reasonableness of their results and to ensure that the companies are fully compliant to the framework and guidelines. Not only did the actuaries have to contend with the RBC implementation, the holistic RBC framework also ensured that the companies are allowed to set their own internal capital adequacy ratio (ICAR) and how each company is supposed to manage their capital via their own capital management policy (CMP).

The second big bang is the initiative of the launch and file format for product submissions. The implementation of this launch and file will definitely increase the exposure of actuaries to all varieties of risks.

The focus from the regulatory perspective has moved from a rule-based supervision to a more



principle-based which places greater emphasis on actuarial judgement and risk management. The world of Enterprise Risk Management (ERM) is still relatively new on our shores and the opportunities to expand in the area of ERM are enormous and actuaries, being the risk managers as well, can bring our expertise in building up a comprehensive

This newsletter is published by the Communication Committee of the Actuarial Society of Malaysia. If you would like to make any contributions or provide suggestions, please do not hesitate to contact us at secretary@actuaries.org.my.



ERM mechanism.

With these new changes we see, I envisage that ASM has to evolve to ensure that we continue to keep pace with the required changes. In that, I have established a vision for ASM to be a more fully professional body which produces proper actuarial standards and practice notes. Looking at our industry and the evolution of our profession, I have identified 7 key practice areas which our profession is primarily focused on:

1. Life Insurance
2. Finance and Investment
3. General Insurance
4. Health Insurance
5. Pensions and social security
6. Takaful
7. Enterprise risk management

I would like to express my thanks to the members who have volunteered to be in the various working groups of these 7 key practice areas. If anyone else would like to volunteer, please do not hesitate to inform me or the secretary. Each of these 7 working groups will be working on establishing best practices as well as issuing out professional guidance notes.

In addition to these 7 key practice areas, 2 further bodies are set up: the professional standards body and disciplinary panel. Again, I would like to express my thanks to the fellows who have volunteered to be in both bodies. The establishment of a professional standards body is to ensure that the generally accepted actuarial principles and best practices are being met on a professional manner. This will include ethics and responsibilities. The disciplinary panel is to ensure

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Please note that the ASM correspondence address has now been changed to the following:

AmLife Insurance Berhad
Level 10
Bangunan AmAssurance,
Actuarial Department
No.1, Jalan Lumut,
50400 Kuala Lumpur.



that all actuaries adhere to the overall standards of being an actuary and should any indiscretion occur, then this might be a case for disciplinary actions.

On the note on professional development, I am sure all members who are classified as actuaries (associates and fellows) have to comply with the CPD requirements beginning this year of a total of 14 hours. Our CPD committee has been working round the clock to put together events that can best help members to meet the requirements and a list of the upcoming events will be sent out to the members soon.

On the social front, our events committee is organizing evening nights and functions that the members can network and trade ideas, facts and gossips. I am certain that they will enlighten us with a variety of social events that will best benefit the members. So, keep your ears out for that.

Lastly I would like to remind the ASM members of the recent launch of the Direct Access ASM credit card. The past EXCO and the current ASM council had worked extremely hard in seeing how we can

best provide additional benefits and services to the members and the launch of the Direct Access ASM credit card is a step in the right direction. We hope that the usage of this card will provide further discounts to our members in terms of daily necessities like food and fuel. On top of that, it is the intention of ASM to allow these cardholders to enjoy additional benefits or discounts on events organized by ASM.

To wrap it all up, I think 2009 will be a very challenging year for everybody and I believe that this will definitely prove to be an exciting time not only to the members who are already in the profession but also to those who have recently joined us out from university.

To cap it off, Malaysia will be the next host of the East Asian Actuarial Conference (EAAC) and I do hope that the members can take the opportunity to go for this year's EAAC in South Korea.

See you in the next issue of Malaysian Actuary and for those taking exams, a very good luck in getting that big P next to your name. ❖

New ASM Membership Subscription Fees

For the next year, the revised membership fees will be:

Fellow	RM 120
Associate	RM 80
Ordinary	RM 30
Joining Fee	RM 10
Reinstatement Fees	RM 50

In addition, deadlines and penalties have been introduced.

By 31 December	No Penalty
By 31 January	+ RM 10
By 28 February	+ RM 10
Thereafter	Membership revoked



Council Members 2009 - 2010

President

Patrick Cheah

Vice President

Liew Pek Hin

Immediate Past President

Raymond Lai

Secretary

Nor Aida Daud

Treasurer

Azim Khursheid Ahmed Mithani

Committee Members

Yoon Yew Khuen

Tan Kay How

Yap Chee Keong

Loh Sheng Chieh

Auditor

Sophia Ch'ng

Membership Updates

ASM now has 386 members, consisting of:

Fellows	55
Associates	30
Ordinary	299
Students	2

The following is the breakdown by actuarial body:

Casualty Actuaries Society	11
Faculty of Actuaries	11
Institute of Actuaries	91
Institute of Actuaries Australia	31
Society of Actuaries	226
Others	19



Members of the Various Working Group

LIFE INSURANCE

Head: Liew Pek Hin, MLRE

Chin Tze How	Allianz Life
Khoo Poh Beng	TM Asia Life
Simon Lam	HSBC Amanah Takaful
Sophia Ch'ng	Great Eastern Life
Steven Visvalingam	AXA Affin Life
Teh Loo Hai	TAS Consultancy

GENERAL INSURANCE

Head: Gary Hoo, JPWALL Consulting	
Matthew Maguire	NMG
Seow Fan Chong	HLA
Simon Lam	HSBC Amanah Takaful
Teh Loo Hai	TAS Consultancy

TAKAFUL

Head: Hassan Scott, Zainal Mercer	
Jeffrey Zain	ASH Resources
Liew Pek Hin	MLRE
Simon Lam	HSBC Amanah Takaful
Teh Loo Hai	TAS Consultancy
Yahya Ahmad	CIMB Aviva Takaful

PENSIONS AND SOCIAL SECURITY

Alex Foong	Great Eastern Life
Patrick Cheah	AmLife

HEALTH INSURANCE

Head: Seow Fan Chong, HLA

Alex Foong	Great Eastern Life
Liew Pek Hin	MLRE
Patrick Cheah	AmLife
Teh Loo Hai	TAS Consultancy

ENTERPRISE RISK MANAGEMENT

Head: Puah Ser Sze, Watson Wyatt

Adit Trivedi	AIA
Henry Tan	AIG
Patrick Cheah	AmLife
Seow Fan Chong	HLA

FINANCE & INVESTMENT

Head: Patrick Cheah, AmLife

Chin Tze How	Allianz Life
Henry Tan	AIG
Puah Ser Sze	Watson Wyatt
Sophia Ch'ng	Great Eastern Life

PROFESSIONAL STANDARDS

Head: Patrick Cheah, AmLife

Alex Foong	Great Eastern Life
Henry Tan	AIG
Liew Pek Hin	MLRE



DISCIPLINARY PANEL

Head: Alex Foong, Great Eastern Life

Chin Tze How

Allianz Life

Kang Yu Fen

Serena Thio

Seow Fan Chong

MCIS Zurich

MAA

HLA

ASM would like to express their gratitude to these people who are willing to commit to these working groups.

In addition, ASM would like to call upon any members who are interested to contribute to the above sub-committees, in particular, volunteers for the Pensions & Social Security.

♦♦♦♦♦

Organizing Committee of EAAC 2011 in Kuala Lumpur

The East Asian Actuarial Conference (EAAC) 2009 will be coming up in October in South Korea and since, Malaysia will be the host for the next EAAC, ASM would like to call upon any members who are willing to volunteer to help in organizing this event. The Life Insurance Association of Malaysia (LIAM) will also be providing their assistance to the organizing Committee.

In particular, ASM would like to call upon a Senior Actuary (an actuary who has more than 10 years post qualified experience) to volunteer to be the organizing chairman of this committee. This person will be sent to Seoul to discuss about the next EAAC which will be held in Kuala Lumpur.

♦♦♦♦♦

Being a member of the working group, activities like establishing practice notes and attending the meetings organized by the working group can be counted towards achieving CPD hours for the year. This also applies to those volunteers of the organizing committee of the EAAC 2011 in KL.

If you are interested to volunteer as a member of the sub-committee or be part of the organizing committee of the EAAC 2011, please do not hesitate to contact the Secretary at secretary@actuaries.org.my or the President at president@actuaries.org.my. ♦



Future Events

15 June 2009

Munich Re Presentation: Long Term Care Insurance & Annuities / Mortality Experience Studies

By Tobias Frenz and Dr Frank Schiller

June 2009

ASM Presentation: ALM Summit – Insurance & Pensions

By Yoon Yew Khuen

13 – 14 July 2009

Joint Regional Seminar 2009: Practical Actuaries and Financial Reporting

Kuala Lumpur

17 July 2009

ASM Presentation: Actuarial Audit for Insurers

By Henry Tan, AIG and Questor Ng, ING

4 – 6 August 2009

Joint Professionalism Course

Singapore

12 – 15 October 2009

15th East Asian Actuarial Conference: Dynamic Changes & Actuarial Opportunities

Seoul

7 & 8 December 2009

CA2 Exam

ASM Social Events

ASM Events Committee has also planned out several events to come in June and July for members to take time off from their busy work schedule to relax and mingle with other members, including:

- ASM Night Out
- ASM Annual Dinner

So, watch out for emails from ASM and mark your calendar!

Actuarial Examinations Datelines

Casualty Actuaries Society / Society of Actuaries

Exam 1/P: 6 August 2009

Exam 2/FM: 6 July 2009

Institute of Actuaries

All Papers: 10 August 2009

Institute of Actuaries Australia

CT papers: 3 August 2009

Part III: 5 July

This list is not exhaustive. Please check the respective Institute/Society's website for more accurate information.



Actuarial Audit: An Alternative Career

By Henry Tan, FSA

What is actuarial audit and why there is a need for it?

Actuarial audit is mainly about providing peer review and independent assessment of the process of the actuarial work. After an actuarial work has been signed off by an actuary (and in most cases, the Appointed Actuary), actuarial auditors will perform a validation check on the process to ensure that it is carried out in accordance with the laid down procedures and processes and is in conformity of the local generally accepted actuarial practices.

For certain countries such as India and Australia, this peer review process is compulsory for all annual valuations that are carried out by an Appointed Actuary of an insurance company.

In a nutshell, the main purpose of actuarial audit is generally to form a view on whether the information that is presented based on the actuarial workings actually reflects the right information at a particular date.

The actuarial audits are mainly performed on those reports for submission to the insurance regulator such as the annual valuation report and actuarial reports for internal reporting purposes.

To all insurers in Malaysia, external financial audits to annual financial statements are performed once a year. How is this function different to the actuarial audits?

For insurers, the financial statement records reserving numbers which to some extent need to be reviewed by an external auditor. Based on my experience, the main difference is their auditing approach. For most cases, the external auditor used ISA 620 - "Using the Works of Expert" to perform the auditing works in which the accuracy of the technical calculations to value the policy liabilities are pretty entrusted to the Appointed Actuary.

Hence, the main difference is that actuarial audit is much more technical, and hence requires a good understanding of the local regulatory insurance framework concerning the actuarial aspects.

What sort of background or qualifications is needed in this are?

I think the relevant background and qualifications will be a few years of good actuarial work experience and some progress in the professional actuarial exams or a degree in actuarial science.

Auditors are generally chartered accountants by profession and in the auditing field, there are some additional exams offered for auditors such as Certified Financial Services Auditor (CFSA), Certified Information System Auditor (CISA), and Certified Internal Auditor (CIA). However, these exams are optional but they are beneficial if applied in the auditing career.



Where do actuarial auditors normally work in?

Generally, actuarial auditors will be hired in external auditing firms, the internal audit department of insurance companies or the actuarial departments.

Are there many people practicing in Malaysia and Worldwide?

AIG Audit is the only insurance audit entity in Malaysia that has a regional audit actuary who is based temporarily locally. And yes, to my knowledge, there are quite a few audit actuaries practicing, mostly working for the external audit firms in Singapore and Australia, and some working for the Internal Audit Department in MNC Insurers, Hong Kong.

What are the prospects of this field?

Looking at the considerable number of audit actuaries that are hired by the external audit firm, and to which most of them also provide actuarial consulting services, this area has a great prospect for actuarial students and actuaries, and for them to try out something different other than the conventional actuarial works.

Why actuarial audit?

Travel! For my current role, I travelled every month to lead the actuarial audit work assignments in the Asia Pacific region. And it is very different compared to typical office-bound actuarial works where you deal mainly with routine local actuarial functions. Besides that, I like the audit challenges where you have to understand complex items in the constraint of the specified audit hours.

Describe the typical work scope of an actuarial auditor.

During the non-audit periods, for the new audit assignments, the typical works we do is to prepare a lot of pre-audit-works, such as doing research on the client actuarial system, local insurance regulation, local actuarial guidelines and past audit issues. We also need to draft a Risk Assessment Matrix (RAM) and set out their audit test steps.

This will be followed by an open discussion with the client on the audit approach, and to agree on the RAM.

The next step is to begin the audit fieldworks. This is the part where you need to take note of the audit hours so that the audit can be completed as planned. Upon the completion of the fieldworks, there will be a closing audit meeting with the clients to discuss any audit issues that arise in the process.

Finally, an audit report for the issuance to the Management will be prepared. Audit work papers will also be documented to justify the audit issues, and we will have to ensure that the quality of the work papers is met.

What advice do you have for those who are interested?

For those who are interested, my advice is firstly, to prepare a mindset to try out different things, and be determined to explore something that is non-conventional. Secondly, if you apply commitment, maturity and the intelligence gained through the actuarial examination system, you will be able to excel in the auditing career.

Henry Tan is the Regional Audit Actuary of AIG Audit, Asia Pacific and has been with this organization since last September. ❖



Launch of Direct Access ASM Platinum MasterCard

On 10 April 2009, Actuarial Society Malaysia, in collaboration with CIMB Direct Access, officially launched the Direct Access ASM Platinum MasterCard in Le Meridien Hotel, Kuala Lumpur.

Each ASM members, who were present at the launch, also received a door gift in the form of a golf umbrella.

As the Direct Access credit cardholders, ASM members will enjoy many privileges and offers including:

- Free lifetime membership
- Enjoy an exclusive 2% rebate at any petrol station nationwide
- Earn bonus points on retail purchases (except petrol and diesel products)
- A flexi-payment plan that allows you to enjoy repayment on retail purchase by installment of up to 20 months
- Enjoy 0% interest for 6months when you transfer your balances from other credit cards.





- A hassle-free overdraft facility that does not require any collateral nor guarantor
- Enjoy access to Premier Plus Account, a combination of current and savings accounts that is complete with Autodebit and Autosweep facilities
- Enjoy exclusive rebate offers from time to time
- Pamper your desires from a fine selection of preferential privileges, catered exclusively for Platinum cardholders
- Enjoy classical music in the private and luxurious CIMB Bank Corporate Suite at the Dewan Filharmonik PETRONAS, KLCC at a special price
- And many more.



ASM members who apply for the Platinum MasterCard will also receive a Visa Card.

Plus, if you apply before 31 December 2009, you will also receive a **Lamborghini Pen** for free upon card approval.

If you are interested, download the application form now from the www.actuaries.org.my and return the completed form together with a copy of your NRIC and business card to 03-23815533 or mktgda@cimb.com. ❖



ASM Annual General Meeting 2009

By Loh Sheng Chieh

The 2009 ASM Annual General Meeting was held at Dorsett Regency Hotel on the 12th February 2009, starting at 6.00pm.

Before the start of the Annual General Meeting, members were presented with talks on “Applying Risk Based Capital Framework to Takaful Products” by Yahya Adnan Ahmad and “Asset Liability Modeling” by Puah Ser Sze. These presentations slides can be found on the ASM website.

After the presentation, the Executive Committee for the year 2008 provided updates to the ASM members on the activities that were held during the year. First up was an update from Raymond Lai, the President. He started off stating the many

objectives of the Society, which includes promoting quality standards of competence and conduct, improving the public image of the actuarial profession and assisting actuarial students. Given that the ASM is moving towards becoming a professional body, members will have to expect fewer social events to be conducted in the future.

Raymond also listed some of ASM's prominent achievements such as:

- Becoming the host of the East Asian Actuarial Conference in 2011
- Issuance of the Guidance Notes of the Valuation Basis for Life Insurance Liabilities
- Organized professional courses for the professional development of the actuaries
- Collaborated with the universities to conduct some of the actuarial examination courses.

He finished by mentioning the importance of actuaries in this time of uncertainty as uncertainty is what the actuaries' role revolves around.

Next, Lim Kuan Hong, the Secretary of ASM, presented his secretariat report.



As at 31 December 2008, the membership count stood at 423 members, out of which 62 members are Fellow, 30 Associates members and 310 Ordinary members. He also noted the significant increase in the number of Ordinary members with SOA background, most likely due to the actuarial programs of local universities and colleges following the SOA examination system.

Starting from the 1st January 2009, all ASM Fellow and Associate members will have to meet the CPD requirements, of which further information can be found in the ASM handbook in the ASM website.

He then ended his update with a warning to all members to not entertain any person who claimed to be the ASM secretary and is requesting for personal info. This is because the ASM secretary does not delegate such job to anybody.

Tan Eng Siang, the treasurer, was next to present to the members the status of ASM's financial position. Although a healthy growth was observed in ASM's general fund, the total expenses had been increasing from year to year. Moreover, due to the lower number of job postings in 2008, there was a decrease in the income from this source.

The Professionalism Committee provided a report on its activities for the past year, including the changes in the ASM constitution, setting the ASM Professional Master Plan and working with the international actuarial association on professionalism and education. The Actuarial Standard Committee also made much contribution to maintaining the quality of our actuarial profession. They have prepared the a few Guidance Notes for the life insurance business on valuation basis and for the valuation of policy liabilities.

The Head of the Professional Development Committee then reported on the talks that were arranged for the benefit of the members in the past year such as the Joint Professionalism Course and the talks on topics like ALM in RBC environment and Stochastic Simulation.

From the Communication Committee, in 2008, two newsletters were published and the ASM website had been updated with photos of ASM events.



The Education Committee had also organized many activities in 2008 to help the actuarial students. The committee continued its practice to host the CA2 exam in Kuala Lumpur and organized a study group for the ST2 exam. The actuarial profession was also promoted to the public through talks and discussion groups.

Many events had been organized for the members in 2008 by the Events Committee, such as the Annual General Meeting, Annual Dinner and ASM Bowling. ASM Walk was also introduced to encourage members to practice a better and healthier lifestyle through exercising.

Finally, the office bearers for the Council 2009-2010 were elected.



The new Council thanks all the members for their support and trusts in ASM. They will give their fullest dedication to provide ASM members with

more activities and benefits while working towards improving the quality of the actuarial profession.



Biennial Convention 2009

The Institute of Actuaries Australia recently held its flagship event at the Sydney Convention and Exhibition Centre, Sydney on 19 – 22 April 2009.

The theme for the 2009 conference was Go for Gold. With the financial crisis currently hitting the markets, it has brought implications to the global economic and the social dynamics. At the same time, it has also presented opportunities in pioneering innovative best practice and professional leadership and responsibility.

Five non-technical plenary sessions and over 50 concurrent sessions, covering technical and non-technical subjects, were organized during these 3 days. Some of the issues covered include:

- Global Economic & Financial Issues
- Implications of the Global Financial Crisis on the region
- The Middle East Perspective
- Social Impacts of the Financial Crisis

- Financing Demographics Shifts
- Global Insurers – The future
- Professions and the Regulator

If you have missed this event, the Institute has made all the presentations, papers and audio files available on their website, including the webcasts of the plenary sessions.



Presentations and Audio

<http://www.actuaries.asn.au/Events/seminarProgram.aspx?eventID=1605>

Webcasts

http://www.mediavisionz.com.au/biennial_convention/

Global Webcast: Market Consistent Embedded Value

The Society of Actuaries (SOA) and the Life Section of the International Actuarial Association (IAA) will be offering on 16 June 2009 an International webcast on “Market Consistent Embedded Value” with a special focus on Internal Modeling for MCEV and Effects of the current Financial Crisis on MCEV.

It will cover:

- An Introduction to Market Consistent Methodology and Tools
- The Effects of the Current Financial Crisis on Market Consistent Embedded Value
- Internal modeling for MCEV
- Case Studies on Implementing Market Consistent Embedded Value

Please visit <http://www.soa.org/meetings-and-events/event-detail/mcev-webcast/default.aspx> for more information.

As the general insurance market in Malaysia is not quite as extensive as the life insurance's, there is certainly a lack of opportunities to gain the necessary exposure to the general insurance work. Hence, it was truly a good learning opportunity to many when JPWALL Consulting Partners organized a General Insurance Actuarial Program (GAP) at the Crowne Plaza Mutiara in March 2009 - a three day workshop on everything about general insurance with an aim to walk the participants into the world of general insurance, and to reveal its wonders and functionality.

The workshop was conducted by Jeremy Wall and Gary Hoo, both of whom have extensive experience in the work of general insurance.



The first day of the workshop kicked off with an introduction to the general insurance world and the basics of loss reserving, where participants were able to establish a good understanding on basic knowledge of general insurance work. The day was followed through with a session on the basic reserving methods, mainly chain ladder method, Expected Loss Ratio (ELR) method and Bornhuetter-Ferguson (BF) method. The BF method of estimating IBNR, which combines both the chain ladder and ELR methods, is particularly

General Insurance Actuarial Program

By Yeoh Li Qin

useful when there is the data are volatile or insufficient. The participants then had a hands-on experience in calculating the IBNR using all three methods. Given only a basic calculator and a limited time frame, it was definitely a challenging exercise. The day ended off with a session on determining the risk margins for the purposes of valuing the claims and premium liabilities.

The workshop continued on the second day with an advanced loss reserving session in the morning, where participants were presented with real-world scenarios to analyze. It was definitely an interactive session as questions were aired, thoughts were formed and opinions were exchanged. Next, participants were able to learn about the basic procedures in determining the appropriate premium rates at the Pricing and Ratemaking. To ensure that the participants had fully grasped the theory, they were given problems to solve through the group brain-storming and discussions: derive the premiums for a simple



personal accident product. Before the end of the day, participants sat through a session on Generalized Linear Model (GLM) in which the steps of modeling the GLM were addressed.

Risk Based Capital (RBC) Modeling and Appraisal Valuation were the highlights of the last day. In the Appraisal Valuation session, participants were given some knowledge on how to determine the value of an insurance company. The rest of the day revolves on what RBC is all about, including Capital Modeling, Stress Testing and Dynamic Financial Analysis. With the entire buzz in RBC this year, almost every participant gave their fullest attention. Again, participants were then grouped up to work on the capital projection worksheets to enhance their understanding of what they had learnt earlier.

Finally, all participants were presented a certificate of participation and a gift as token of appreciation for their participation. ❖



IAAust: Change in designation



In line with the other major actuarial bodies, the Institute of Actuaries of Australia has recently announced, during the Biennial Convention on 22 April 2009, its decision to broaden the definition of actuaries, allowing the Associate of the Institute of Actuaries of Australia (AIAA) to be recognized as actuaries too. Currently, only the Fellows and Accredited Members of the Institute are recognized as actuaries.

There will be a three year transition period for this proposed change to take effective, commencing at the target date of 1 January 2010.

Under this new requirement, to qualify as an Associate, one has to complete:

- Parts I and II
- Relevant aspects of the compulsory Part III Investment course (which will be introduced in Part II after 2011)
- Professionalism Course
- Three year practical Experience

Visit <http://www.actuaries.asn.au/Designations.htm> for more information.

The members of the Actuarial Society of Malaysia (ASM), as well as non-members from the insurance industry, were given an opportunity to learn more about risk management in a talk organised by ASM on 22 May 2009.

This talk, titled "Risk Management – Credit, Equity, Interest Rate, FX", was a critical topic especially during this time of global financial uncertainty, where a

slight adverse movement in the financial market could lead to unimaginable damage to the financial stability of a company.

The three speakers, from Morgan Stanley, shared their insights of its risk management practices on each of the four areas: Credit by Kevin Lepsoe, Interest Rate and Equity by Alan Yip, and Foreign Exchange by James Mckenna.

In the credit risk management, attendees were given an overview of the movements in the credit spreads before the credit crisis and how large the spread has increased in just a short period of time. Kevin then gave an introduction of how Credit Default Swaps (CDS) can help mitigate credit risks.

Alan Yip then showed, in the interest rate risk management session, the movements of global

interest rates during the crisis. Comparatively to other countries, we are lucky that our local rates are less sensitive to the movements in the global market. To effectively reduce the risks of duration mismatch caused by the adverse movements in interest rates, Interest Rate Swaps are a useful hedging tool.

The currencies are also not spared by the crisis. When making any investment decisions, it is

advantageous to manage the foreign exchange risk. There are few ways to manage this risk, mainly cross-currency swap and foreign exchange hedging using forwards and options.

James also highlighted the effect of correlation risks. For instance, in emerging countries, foreign exchange risk will lead to additional leverage exposures creating more uncertainty in equity returns. Hence, such

correlation risks should not be left unhedged.

To end, managing risk is indeed important because it will allow for more investment freedom and efficient asset allocation, increasing the competitiveness of the company.

Finally, a special thanks to MLRe for sponsoring the refreshments for the event. ❖

ASM Talk: Risk Management

By Loh Sheng Chieh





ASM SUDOKU 2008

By Alexis Chao

At first, it was just an idea of adding in a Sudoku section in the newsletter. With the suggestion from our then President, Mr. Raymond Lai, what started as just a little extra in the Puzzle Section of the newsletter soon turned into ASM's first ever SUDOKU Competition.

The main purpose we set up this Competition was to let the participating members to have fun solving the game, while at the same time having the chance to win some rest and relaxation from their demanding schedule. Happy to say the competition seems to have received a lot of attention from the members, probably due to the attractive prize. Well, it's not everyday that one gets the chance to win a

free accommodation for 2 people to Bali.



However, too much attention can have its downside too. It seems quite a lot of participants had the idea of using downloadable programs to solve the game. Doing so would definitely defeat the purpose of the Competition. Hence, we deliberately had to set a condition saying that they would be required to provide proof that they actually completed the game

themselves i.e. they will have to explain their moves.

The race was quite fierce and more than 2 people actually submitted their answer at around the same time. It gives me great pleasure to congratulate Miss Wan Nur Hafizah from Bank Negara as the winner of our Sudoku Competition. Miss Hafizah faxed me the correct answer on 10.23am that morning and won by a hairs width. The next correct answer actually came in at 10.24am so you can see it was quite a close race.

I'd like to take this chance to say thank you very much to all the participants, supporters and assistants. It is because of your participation that made this event a very successful one. To those that missed out on this event, don't feel too bad. Voice your thoughts to the current EXCO members and maybe, just maybe they will host a new competition this year. Cross your fingers. ❖

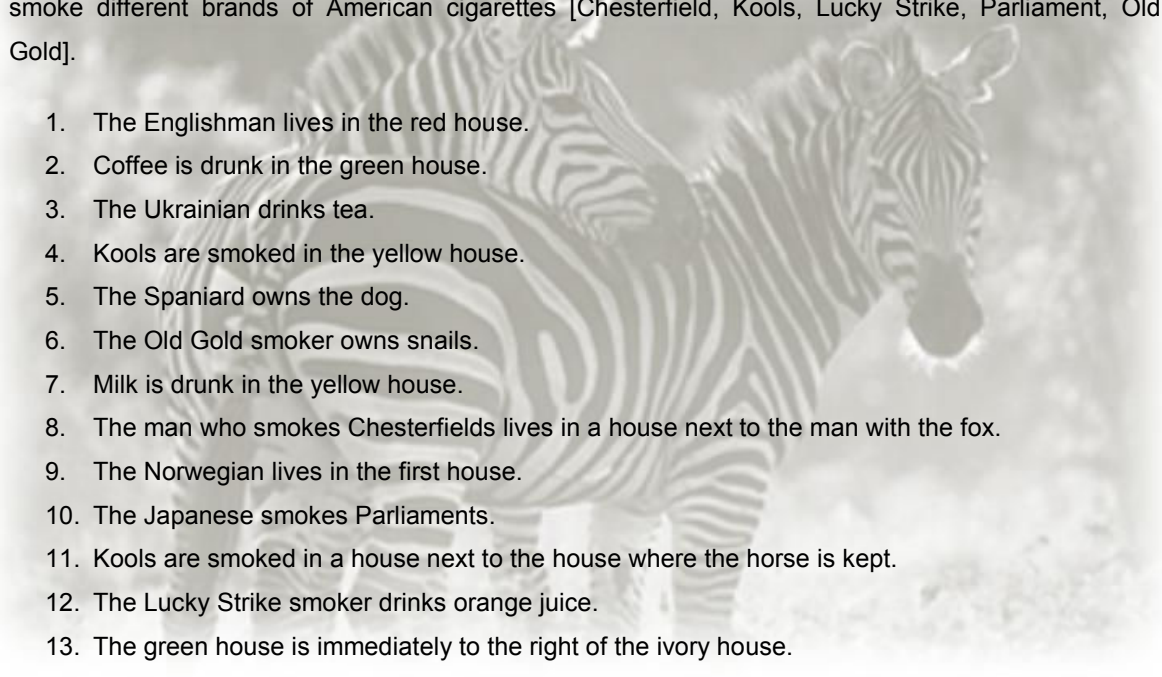
Zebra Puzzle

Can You Solve It?

Zebra Puzzle is a popular logic puzzle and there has been claims that it was first invented by Albert Einstein (thus the commonly known “Einstein’s Riddle”). While there is no hard evidence to prove that, it is interesting to note that Einstein was claimed to have said that 98% of the world’s population could not solve this puzzle.

I have no clue if that statement is a true but if you are going to try it out, hopefully you are not in that 98%. Good Luck!

There are five houses, each painted with a different color [blue, green, ivory, red, yellow], occupied by different nationalities [Englishman, Japanese, Norwegian, Spaniard, Ukrainian], own different pets [dog, fox, horse, snails, zebra], drink different beverages [coffee, milk, orange juice, tea, water] and smoke different brands of American cigarettes [Chesterfield, Kools, Lucky Strike, Parliament, Old Gold].

- 
1. The Englishman lives in the red house.
 2. Coffee is drunk in the green house.
 3. The Ukrainian drinks tea.
 4. Kools are smoked in the yellow house.
 5. The Spaniard owns the dog.
 6. The Old Gold smoker owns snails.
 7. Milk is drunk in the yellow house.
 8. The man who smokes Chesterfields lives in a house next to the man with the fox.
 9. The Norwegian lives in the first house.
 10. The Japanese smokes Parliaments.
 11. Kools are smoked in a house next to the house where the horse is kept.
 12. The Lucky Strike smoker drinks orange juice.
 13. The green house is immediately to the right of the ivory house.
 14. The Norwegian lives next to the blue house.

Given the above, do you know who owns the zebra? ❖

Answer: The zebra lives in the green house that is owned by someone who drinks coffee.