

Life conference and exhibition 2010  
Peter Akers, Munich Re India Services



# 10 Years in Asia – a practical guide to working overseas

9 November 2010

# Structure

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- Part One: Personal
- Part Two: Technical
- Part Three: Cultural
- Part Four: Practical
- Part Five: Conclusion



## Part One: Personal aspects



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# Personal aspects

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## Why me?

- Not the only UK actuary who has decade of experience in Asia
- Want to encourage others

## How me?

- Mixture of preparation and accident

## Why you?

- Challenge, variety, scope, personal development
- Colour, experience, personal education

## Will you?

- Have to have a bit of 'explorer' in you

# Places lived in last 10 years

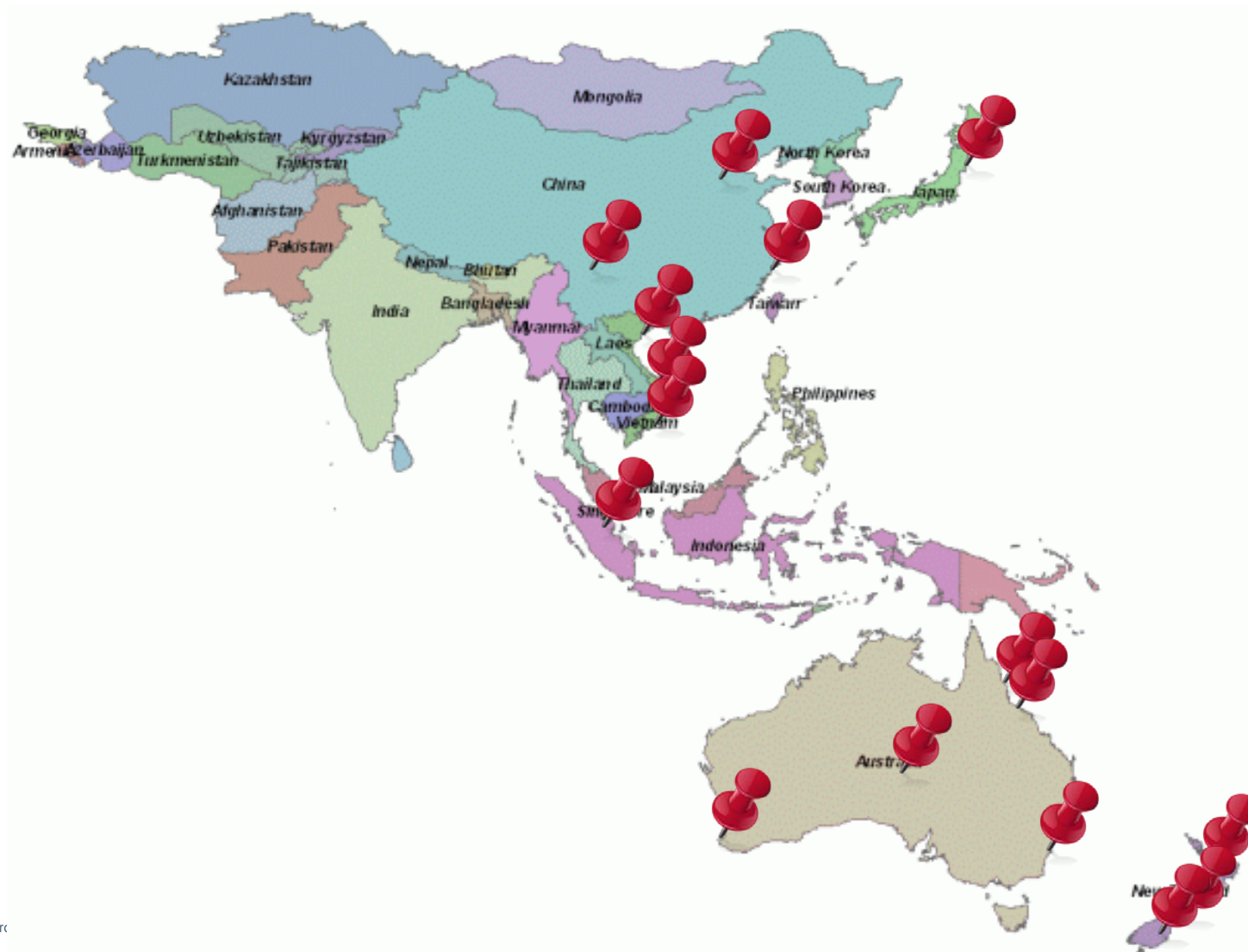


# Places visited on business

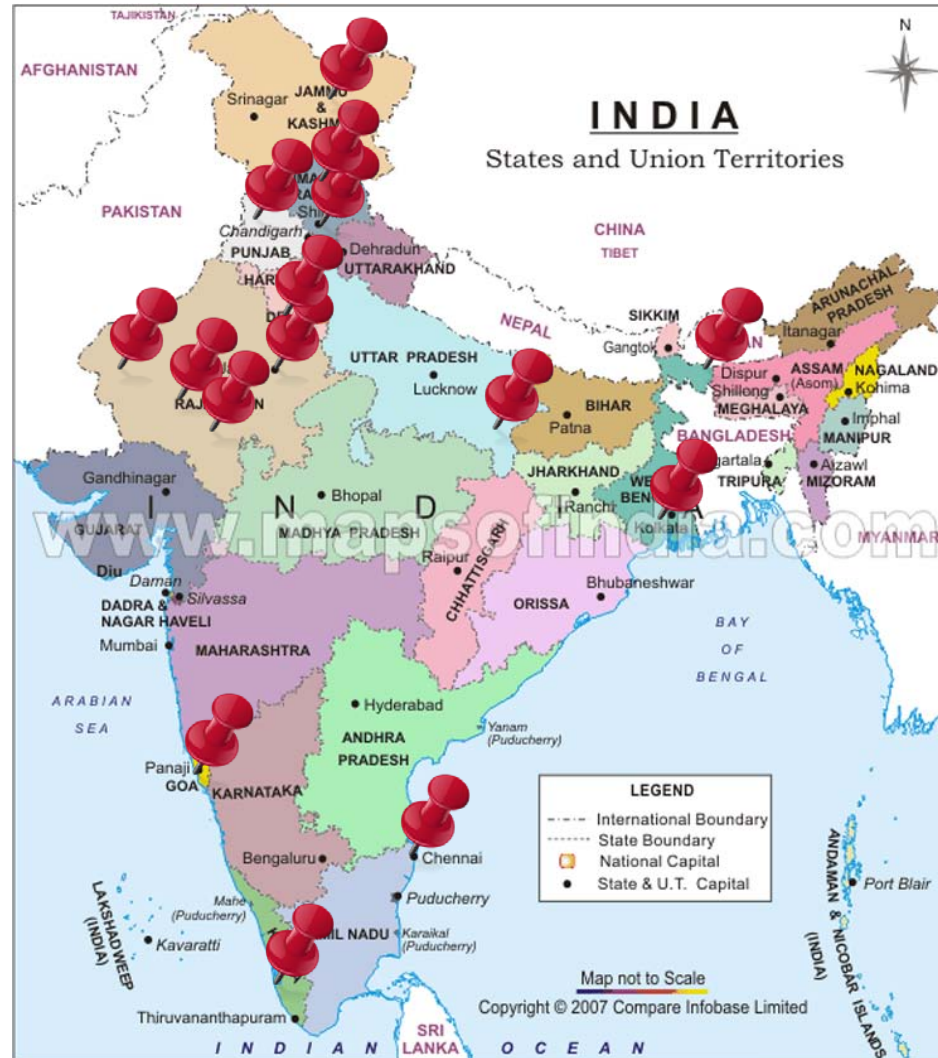




# Places visited for pleasure (ex India)



# Places visited for pleasure (in India)





## Part Two: Technical aspects



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# Technical aspects

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- Demographics
- Economics
- Insurance markets
- Actuarial profession

# Population by country

Country	Population in millions
China	1,339.19
India	1,186.96
Indonesia	234.18
Bangladesh	164.43
Japan	127.38
Philippines	94.01
Vietnam	85.79
Thailand	63.53
South Korea	49.77
Nepal	29.85
Australia	22.44
Sri Lanka	20.41
Hong Kong	7.03
New Zealand	4.39

# GDP and GDP growth by country

Country	GDP (PPP) \$bn*	GDP Growth %	GDP per capita
China	8,765	+10.3**	6,545
India	3,526	+8.6**	2,971
Indonesia	962	+6.2**	4,110
Bangladesh	225	+6.2 #	1,368
Japan	4,159	+2.0**	32,654
Philippines	320	+3.8 #	3,408
Vietnam	240	+6.2 #	2,802
Thailand	546	+9.1**	8,596
South Korea	1,364	+7.2**	27,409
Nepal	32	+5.3 #	1,058
Australia	851	+2.7 **	37,931
Sri Lanka	92	+5.9 #	4,508
Hong Kong	307	+6.5**	43,679
New Zealand	116	-1.1 #	26,357

\*List by the International Monetary Fund (2009)

\*\*The Economist (Aug 2010)

# World Bank, World Development Indicators 2008

# Insurance penetration

Country	2009 (calendar year)			2008 (calendar year)		
	Total	Life	Non-Life	Total	Life	Non-Life
China	3.4	2.3	1.1	3.3	2.2	1
India (FinYear)	5.2	4.6	0.6	4.6	4	0.6
Indonesia	1.3	0.9	0.4	1.3	0.9	0.4
Bangladesh	0.9	0.7	0.2	0.9	0.7	0.2
Japan	9.9	7.8	2.1	9.8	7.6	2.2
Philippines	1.5	1	0.5	1.4	0.9	0.5
Vietnam	1.6	0.7	0.8	1.4	0.7	0.7
Thailand	4	2.4	1.6	3.3	1.8	1.5
South Korea	10.4	6.5	3.9	11.8	8	3.7
Australia	6.4	3.4	3	7.3	4.4	2.9
Sri Lanka	1.4	0.6	0.9	1.4	0.6	0.9
Hong Kong	11	9.6	1.4	11.2	9.9	1.3
New Zealand	5.8	0.9	4.8	5.2	0.8	4.4
World	7	4	3	7.1	4.1	2.9

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# Insurance markets by country

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- In **China**, insurers' core products are participating whole life, universal life and endowment policies, which are mainly bought for retirement saving, or to fund a child's education or marriage.
- Due to medical costs, around 50% of policies are sold with critical illness or hospitalisation riders.
- There is very little pure protection business.
- In 2009 China ranked 7<sup>th</sup> in the world ranking, with total life insurance premiums of USD 109,175m.



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# Insurance markets by country

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- The **Indian** life market has a potential client base of around 250 million 'middle class' people, which makes it very attractive to both the domestic and foreign insurance, many of which have already established themselves in the country through joint ventures.
- The total life premium income of USD 57,114 m would place the country in 9th position in the global rankings in 2009.

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# Insurance markets by country

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- With the world's fourth largest population, 232m estimated in 2009, the **Indonesian** life insurance market is one of vast potential. Life insurance penetration is low at 0.9% in 2009.
- In 2008 **Bangladesh** was in 54th position in the world life ranking with total premium of USD 752m. Generally speaking, the Bangladeshi life market is very conservative and a limited range of products is available. Investment policies remain the most popular. Market practitioners report that between 75% and 80% of their new premiums are generated by microinsurance business.

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# Insurance markets by country

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- The key issues facing the **Japanese** life market include deflation and its consequences, the absence of young buyers, product differentiation, the financial consequences of lower investment returns and how the market will be affected by demutualisations. Premium income is estimated to have declined marginally by -0.8% in 2009. The outlook for the life industry remains gloomy.
- The penetration rate of the **Philippines** life market is low for various reasons including: poverty, inaccessibility, the banks' dominance of the financial system, competition from the pre-need market, increased compliance requirements, lack of valid identification papers and exclusions from cover.

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# Insurance markets by country

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- In 2008 the **Vietnamese** life market was in 84th position in world rankings with a share of 0.02%. It was the 14th-largest life market in Asia. The total market size was USD 1,349m in 2009.
- The **Thai** life market increased in size by more than half over the five years to 2009 and that year it was ranked 30th on a global basis. Total life market premium including health riders was USD 7.5bn in 2009, a 15% increase over the USD 6.7bn achieved in 2008. The 2008 performance was up over 10% on 2007 and achieved against a backdrop of an unfolding global economic crisis which saw the Thai stock market index (SET) slump 48% over the year.

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# Insurance markets by country

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- In **Korea**, life insurance premium income and profit have been affected by the global economic crisis. Life premiums were USD 57,436m in 2009, down by 5% from 2008
- **Nepal** is one of the poorest countries in the world. In 2008-09 the per capita GDP was USD 459. Against this background it is understandable that insurance, is completely irrelevant for the majority of the population. Both insurance sectors are very small in terms of premium revenue. According to figures provided by the Insurance Board (Beema Samiti) the 2008-09 life premium revenue was USD 83.9m.

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# Insurance markets by country

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- The Life Insurance Market in **Australia** maintains solid and relatively stable upward growth experiencing a further 10.8% increase in annual inflows. The total premium for year ended March 2010 was USD 8,428m.
- In **Sri Lanka** 2009 life premiums amounted to USD211m. From 2008 to 2009, life insurance premium income grew by only 0.65%. Market sources suggest that Sri Lanka's life market is largely untapped with only 6% to 10% of the population having insurance. Market research has shown that life insurance is not listed amongst the top 10 needs of Sri Lankan consumers across all classes and lack of understanding of life insurance is widespread.



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# Insurance markets by country

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- In 2009 **Hong Kong** was the world's 23rd largest life market with a total premium of USD 20,269m. The most remarkable aspect of the individual life market is the growth of unit-linked business, which accounted for 75.1% of new premiums at its peak in 2007.
- **New Zealand** is unusual in that the individual life market is dominated, both in terms of premium income and number of policies, by protection business, which includes term life, permanent health (known locally as disability or replacement income), critical illness (known locally as trauma), lump sum disability and credit life. It is ranked 45th in the world with total life premiums of USD 1,064m in 2009.

# Actuarial profession by country (incomplete)

Country	Additional Exam Requirements	Work Experience	International Actuarial Association
China			-
India	2-days mandatory India Fellowship Seminar on 'India specific Legislation, environments, practices and Professionalism'.	One year of India residence experience	Full member
Indonesia			Full member
Bangladesh			Associate member
Japan			Full member
Philippines			Full member
Vietnam			-
Thailand	The person has passed certain examination of Recognized Actuarial Associations	The person performs duties in connection with actuarial science	Full member
South Korea	Person who has a qualification of foreign actuary approved by The Financial Supervisory Service	Engaged in concerned institution for insurance mathematics business over 5 years	Associate member
Nepal			-
Australia	Professionalism Course	Six months in Australia	Full member
Sri Lanka			Associate member
Hong Kong	Do not have their own exams		Full member
New Zealand	Do not have their own exams		Full member

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# Actuarial profession

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- Reserved work tends to require some or all of
  - a period of local residence
  - a separate qualification or attendance at a seminar
  - a practicing certificate
- See the 2010 survey by Yvonne Lynch (yvonne.lynch@actuaries.ie)

## Part Three: Cultural aspects



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# Cultural aspects

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- Introductory comments
- Framework
- Behaviors
- Value system
- Development stages

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# Introductory comments

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- It's not right or wrong, just different
- Generalisations are used here in order to be descriptive
- Empirical approach
- One person's experience and thoughts
- All lessons result from practical mistakes



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# Framework

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- There is no right or wrong, only different
- 10 aspects of behaviour
- One fundamental value system
- Aspects are interlinked and difficult to separate

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# Aspects of behaviour

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- Orientation
- Key resource
- Personal contact
- Time
- Scarce resource
- Expense
- Problem solving
- Responsibility
- Delegation
- Influencing

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# Orientation

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- Western: task, achievement
- Asian: people, relationship

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# Key resource

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- Western: time
- Asian: relationships

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# Personal contact

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- Western: transaction
- Asian: relationship

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# Time

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- Western: rigid, limited, planned, linear
- Asian: flexible, eternal, unstructured, cyclical



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# Scarce resource

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- Western: time
- Asian: money

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# Expense

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- Western: investment
- Asian: cost

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# Problem solving

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- Western: deconstruction
- Asian: holistic

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# Responsibility

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- Western: individual accountability
- Asian: team, community, society

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# Delegation

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- Western: focus on goal
- Asian: focus on activity

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# Influencing

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- Western: logic, incentives
- Asian: emotion, status, relationship

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# Fundamental value system

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- There is no right or wrong, only different
- Western: egalitarian
- Asian: hierarchical

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# Development stages

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- 1: defensive
- 2: fascinated
- 3: respectful
- 4: successful



## Part Four: Practical aspects



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# Practical aspects

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- Remuneration
- Communication
- Families
- Security
- Health
- Standards
- Legal matters
- Homesickness
- Hints

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# Remuneration and Communication

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## Remuneration

- Varies, but...salary, bonus, housing, car, flights, schooling, medical care
- You get what you negotiate

## Communication

- Contact Head Office and Regional Office colleagues frequently
  - visit: HO once a year, RO once a quarter
  - talk: at least once a month
- Stay connected!

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# Families and Children

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## Families

- Will not work if spouse is not up for it
- In general it will be difficult for spouse to find paid work

## Children

- Go when children are either below 11 or above 17
- Children of expats are remarkably well rounded, flexible people

# Security

Date	Name	Country	City	Estimate of death toll
2001	Sept11, 2001 attacks	United States	New York City, NY, Arlington, VA, Shanksville, PA	2,976
2002	Moscow Theatre Siege	Russia	Moscow	170
2002	2002 Bali bombings	Indonesia	Bali	202
2004	March 11, 2004 Madrid train bombings	Spain	Madrid	191
2004	Beslan School Siege	Russia	Beslan	334
2004	Dec 2004 Indian Ocean Tsunami	Sumatra, Indonesia, Colombo, India		230,210
2005	7 July 2005 London bombings	United Kingdom	London	52
2005	Mumbai Flood	India	Mumbai	1094
2006	Mumbai train bombings	India	Mumbai	209
2008	2008 Sichuan earthquake	China		68,712
2008	2008 Mumbai attacks	India	Mumbai	175
2010	2010 Haiti earthquake	Haiti		92,000 - 230,000
2010	2010 Pakistan Floods	Pakistan	Khyber Pakhtunkhwa, Punjab, Sindh, Balochistan and Gilgit-Baltistan	2000+



# Security

The Economist August 28th 2010



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# Health and Pollution

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## Health

- Avian flu, H1N1, NDM1, Malaria, Giardia
- Access to healthcare facilities

## Pollution

- An issue everywhere
- Beijing summer visibility



# Standards and Corruption

## Standards

- Can vary widely
- Modern trip switch board ... inside a shower cubicle

## Corruption

- US law includes an exemption to speed up foreign officials
- India minister caught on TV





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# Legal matters

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## Legal matters

- Essential to have local support
- Visit to lawyers to close negotiations on first apartment lease
- Trying to enter the Picasso exhibition carrying the guide

## Visas

- Employment visas generally becoming more difficult
- Four 3 year visas from personal contact at the embassy
- Wedding certificate in China

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# Homesickness

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## Homesickness

- Advice from cross cultural experts in UK
- Meet people from your home country often – FCO guideline is at least once a week
- Don't pretend 'we' are not different – we are all different – not better, not worse, but different

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# Hints

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- Don't send one expat – send at least two if at all possible
  - if send only one then ensure maximum F2F contact – visit regional office every quarter
- Learn the local language, even if you won't be speaking it
  - companies should pay the cost for their employees
  - language is a window to the soul

## Part Five: Conclusion



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# Conclusion - Why do it?

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- Challenge, variety, scope, personal development
- Colour, experience, personal education
- Why not do it?











