New Zealand Society of Actuaries (Inc)

Peter Brown
President

PRESIDENT'S REPORT
July 2007

Linda Page
Vice President

50th Anniversary Dinner

Our first event to celebrate our 50th Anniversary was held in Auckland on Friday 18th May at the Crowne Plaza Hotel. Over 60 members and guests attended what was a very enjoyable evening. Dick Jessup gave an interesting talk on some of the more interesting actuarial characters who have worked in New Zealand.

Two further dinners are planned in Christchurch and Wellington and details are as follows:

Christchurch: 7.00pm Saturday September 22 at Minx Restaurant, 96 Lichfield Street, Christchurch. This is the day before the Institute of Actuaries of Australia Biennial Convention starts in Christchurch.

Tickets are $100 per person. Full details and registration form available at http://www.actuaries.org.nz/events.html

Wellington : Friday November 30 at the Duxton Hotel. Full details are still being finalised. Earlier in the day there will also be a Financial Services Seminar and the Annual General Meeting of the Society.

Credit Card Facilities

The Society has recently arranged facilities to receive payments by credit card. Tickets for the Christchurch dinner will be the first to use these new facilities. Please note that at this stage you will need to fax or mail your credit card details to Fran at the Society's secretariat. Also we will ONLY be able to accept Visa and Mastercard. We will not be able to accept American Express.

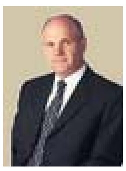
Institute of Actuaries of Australia Biennial Convention

This convention is to be held in Christchurch from Sept 23-26. It will be attended by a number of leading members of the worldwide actuarial profession and I would encourage members of the New Zealand Society to attend. In due course full details regarding the conference will be sent to you.

As noted above the Society will be holding a 50th anniversary dinner on Saturday Sept 22.

John Smith
Secretary

Greg Lee
Council Member



Ric Geisler
Past President

Ian New
Council Member

Heathcliff Neels
Treasurer

We are planning to invite a number of the visiting overseas actuarial leaders to this dinner so it will be an excellent opportunity for members to meet some of these people.

You should have received or will shortly receive in the mail a brochure giving full details of this Convention.

Conference 2008

A committee to organise the Society's 2008 conference has been appointed. This consists of Margaret Cantwell (convenor), Swee Chang and Ross Simmonds. Details of timing and venue are being worked on at present but a central North Island location is likely with a date in November 2008

Professional Practice and the Code of Professional Conduct

The Professional Conduct Committee recently had brought to its attention a limitation that was included in an e-mail footer that appeared to be an attempt by the sender to contract out of the Code of Professional Conduct.

The view of the Committee is that generalised disclaimers which appear for the sole purpose of "protecting" the position of an actuary are undesirable and are unlikely to be effective in any event. Any complaint brought to the Committee's attention would clearly be judged on its merits, but the Committee considers that if an attempt is made to "contract out" in this way and if the work was considered to be actuarial in nature and the client had an expectation of an actuarial response, then the disclaimer would be unlikely to be effective.

Members are asked to note this and review any such disclaimers as they are unlikely to be effective and could have a negative impact on the reputation of the profession if used indiscriminately

Professional Standards Update

Work is underway on a number of Professional Standards at present. Details are as follows:

- A second draft of the *Economic Valuations standard* has been received and the Professional Standards Committee is preparing feedback for the drafting group.
- A drafting group for a *CPD standard* has been established. Wayne Hawkyard is heading it with the assistance of Charmaine Green.
- Progress is also being made on three other standards - the Generic Reporting standard, the Advice under the Friendly Societies and Credit Unions Act standard and a standard concerning the Financial Reporting for Superannuation Schemes under IAS19.

Effective date for PS3 and PS5

The Life Insurance Committee wish to advise a correction to the effective dates of the new PS3 and PS5 issued late last year. The intention was that the new standards become effective at the same time an entity transitions to NZ IFRS.

The first paragraph of Section 2 of both PS3 and PS5 should read "This Professional Standard is effective from 1 January 2007 and applies for reporting periods **commencing** on or after 1 January 2007."

Non-practicing actuaries

There are several valid reasons for a career break and during that break the person may have limited income. Council have designed a flexible process to enable such members to rejoin at some future date.

Non-practicing Fellows who do not wish to pay the full subscription for Fellowship whilst they are not working as an Actuary, but want an option to reinstate their

Fellowship if they start practicing at some future date, have two options:

(a) Transfer to ordinary membership
- continue to pay the same rate as student and retired members
- do not use the designation FNZSA whilst an ordinary member
- do no actuarial or consultancy work for any insurance companies, superannuation schemes or any other clients.
- undertake CPD when transferring back to Fellow

(b) Allow their membership to lapse
- stop paying subscriptions
- do not use the designation FNZSA
- do not work as an Actuary in New Zealand in statutory roles.
- joining fee applies on readmission
- undertake CPD when readmitted as a Fellow

Those who have been out of the profession for several years would be expected to reacquaint themselves with actuarial practice on re-entry. This could be achieved by, for example, private study, attending professionalism or other courses, working alongside colleagues with up to date experience or by external peer review.

It would of course be essential for rejoining Fellows to reacquaint themselves with the Code of Professional Conduct and any Professional Standards relevant to their area of practice.

Those who commence work for an organisation with several other actuaries are probably more likely to have work reviewed or not be required to sign off reports covered by the professional standards.

A formal external peer review process is recommended for those who either start up in consultancy on their own or work as the sole actuary for an organisation.

Members who allow their membership to lapse would be expected to pay a joining fee equivalent to one-year's Fellowship subscription, upon rejoining the NZSA as a Fellow.

As with those who transfer back to Fellowship, rejoining members will need to get reacquainted with the Code of Professional Conduct and current professional standards and practice in their field of practice.

CPD in advance of re-joining is not necessarily required. However, the member will need to study the relevant professional standards and have an experienced Actuary to review their initial work.

Accounting for Insurance Contracts

The International Accounting Standards Board (IASB) has issued a discussion paper *Preliminary Views on Insurance Contracts*. The Society has been asked to provide comment to the Financial Reporting Standards Board (FRSB). The Life, General and Health practice committees have been asked to review the document and provide feedback to our Secretary, John Smith, who will co-ordinate a response on behalf of the Society.

The Discussion paper can be accessed electronically in the "Standards & Policy" section of the website of the New Zealand Institute of Chartered Accountants at www.nzica.com

Human Rights Commission Insurance Guidelines

Following consultation the Human Rights Commission has issued revised draft Insurance Guidelines for comment. These have been referred to Anne Lord for review whose advice is that there are no further issues that the Society need comment on. Individual members are of course free to make submissions which close on 27 July.

Review of Financial Products and Providers

In late June the cabinet decisions on policy recommendations for the first phase of this review were announced. This first phase covered the following areas:

- Registration of financial services providers;
- Consumer dispute resolution and redress;
- Supervision of trustees; and
- Non-bank deposit takers.
- Review of financial intermediaries

Legislation to enact these decisions will be drafted in the second half of 2007 with the intention of introduction to the Parliament in 2007/2008.

The second phase will be of much more interest to members of the Society and will include the following areas:

- Trustee powers for issuers of debt securities and collective investment schemes;
- Insurance prudential regulation;
- Insurance market conduct regulation;
- Review of securities disclosure;
- Platforms and portfolio management services; and
- Mutuals' governance.

Cabinet decisions on these policy recommendations are expected by the end of 2007 with legislation drafted for introduction to Parliament in mid to late 2008.

Council Meetings

Council generally meets on the 2nd Wednesday of every month (except January and November). The next meeting will be held on 8 August.

If you have an issue you would like Council to consider please do not hesitate to contact either me or Fran Jenkins and we will arrange for it to be placed on the agenda of the next meeting.

Committee Appointments

The following appointments to committees have been approved at recent Council meetings.

Life:	Hamish Farrar Maarten Romijn

New Members

Fellow	Paul Newfield Adam Follington
Student	James Roscoe Yuhan Wang Keke Zhang Jing Wang David Craigie

Peter Brown
President