



Richard Geisler
President

NEW ZEALAND SOCIETY OF ACTUARIES

PRESIDENT'S REPORT

JUNE 2005



Linda Page
Vice President

Council Notes

As many of you will know, Ric is currently attending the International Actuarial Association Presidents forum in Rome on behalf of the Society and in his absence I agreed to coordinate the issue of the June newsletter. The Council and various committees have continued to be very busy over the last quarter and so there is plenty to report on!

On behalf of the Society, I would like to thank **Daryl Hayes** and other members of the Committee for all their hard work in revising the disciplinary procedure. The vote achieved the required 75% pass rate and new Disciplinary Procedures have now been adopted and changes made to the Society Rules to reflect this. The next step is already under way. A task force has been appointed with the responsibility of reviewing the Code of Professional Conduct. **Charlie Cahn** has agreed to be Convenor of the task force, which also includes **Linda Caradus** and **Richard Bruynel**. The current plan is to have the review completed by the end of the year.

The countdown for the election is on again! Not to be confused with the general election but just as exciting, is the elections for seats on the Council. In September, nominations will be open for five seats including the President's. The positions are currently filled by **Herwig Raubal** (Treasurer), **Peter**

Brown (currently co-opted to the Committee), **Peter Cosseboom**, **Brian Lenehan** (Secretary) and **Ric Geisler** (President). Each Council position runs for 2 years and the President's for one year and give a great opportunity for members of the society to participate actively in the profession. So, please give some serious consideration as to whether or not you would like to stand for Council.

Several members of the society attended the Australian Actuarial Biennial Conference in Cairns during May this year. The theme of the conference was "Sustainability" with emphasis placed on the role the actuarial profession plays in the sustainability of social, economic and environmental systems. There was a wide range of topics discussed at the conference which engaged some lively debate not to mention the current changes occurring in the financial arena as a result of the International Financial Accounting Standards. **Ric Geisler** and **Peter Davies** presented a paper on current topics and issues in New Zealand which was well received by attendees.

There was a letter recently published in the Australian Actuary magazine from Geoff Rashbrooke who had resigned from the NZ Society. The letter was critical of the Society and accordingly a response from the Society was sent and we expect it will be published. It said:



Brian Lenehan
Secretary



Peter Cosseboom
Council Member



Mark Weaver
Past President



Peter Brown
Council Member



Herwig Raubal
Treasurer

I refer to the letter published in the last edition of the magazine concerning the New Zealand Society. While I disagree with the points made there was one specific issue concerning the withdrawal of a guidance note I would like to comment on.

The background to this decision was a formal complaint made that an actuary had not complied with the terms of the guidance note. The outcome of the resulting review was that the guidance note was found to be not as complete as it might have been and it was further now out of date following changes in the underlying legislation. Faced with the position that work was continuing to be completed in accordance with this deficient guidance note, the Society decided it had no choice but to withdraw the note and asked for volunteers to produce a new note. The practice area is a small one with just a few actuaries involved and to date there have been no volunteers to undertake the updating job. While the position of the Society is that it would like to see a guidance note in place this is currently not possible."

The Australian Actuary magazine has recently celebrated its 100th issue. Barry Rafe, the Editor, advises that in the earlier editions of the magazine, there was a New Zealand column and has kindly offered the Society the opportunity to re-institute this, perhaps on a quarterly basis. So, if you would be interested in writing a regular column on topical actuarial issues in New Zealand, then please get in contact with a council member accordingly.

The current Australian President, **Andrew Gale**, is over in August and the dates for the traditional dinners are Wellington Thursday 18 August at the Wellington Club and Auckland Friday 19 August at Vivace High Street. We are looking to have good turnouts in both locations, not just Wellington and also looking to invite some

guests who work in fields related to our own actuarial field.

FROM THE GOVERNMENT ACTUARYS OFFICE....

2005 is becoming another challenging year with the new MED Review of Financial Products and Providers taking over from the Law Commission Report and extending it into an all encompassing review of financial products including superannuation and friendly societies for example.

For life insurance the majority of major players have Australian reporting which would be of greater significance to us if NZ policyholders were treated on the same footing as the Australian policyholder in the same fund. The current timelines would see recommendation for change being worked through in 2006 with implementation in 2008.

Earlier this year I instigated an investigation of pensioner mortality in the GSF. The result is that we have produced a new mortality table for pensioners based on the experience 01/03/02 to 28/02/05. The resulting rates have been smoothed and I intend to use the new pensioner mortality table in the next GSF statutory valuation. It follows a similar investigation initiated by an earlier GA (Neil Malley) in the early 90's. I need to explore whether it is worthwhile combining the GSF and NPF experience for a more robust table. It could be of use if there is ever an annuity market in NZ.

Finally one interesting statistic at the end of 2004: NZ assets in superannuation funds NZ\$ 16 billion; Australian contributions to superannuation in the fourth quarter 2004 AU\$ 13 billion.

David Benison
Government Actuary

Committee Reports

Conference Committee 2006

Queenstown here we come! Yes, due to popular demand, we are pleased to announce that the 2006 NZSA Conference will be held at the Millennium Hotel, Queenstown from Sunday 26th to Wednesday 29th November 2006. So make sure you book those days in your diary now!

The Conference Committee will be gearing up over the next few months, so any ideas/suggestions please let us know. We are also looking for an enthusiastic new member for the Committee. If anyone is interested please contact **Catherine Johnston** (catherine.johnston@sovereign.co.nz).

General Insurance Committee

General Insurance Seminar

The General Insurance committee is running a one day seminar at the Copthorne Plimmer Towers Hotel, Wellington on Friday August 12.

The programme for the day will include presentations on risk margins, dynamic financial analysis, data mining, health insurance and more. Key note speaker will be **Chris Latham**, partner at PWC in Australia, who will be discussing issues common to Australia and New Zealand and developing stronger links across the Tasman.

Registration information has recently been distributed. Numbers will be limited so please pencil it in your diary if you're interested

Life Committee

MED Review

The Government has announced a review of the regulation of non-bank financial institutions. This is building on the Law

Commission's review of life insurance legislation of last year. **Peter Davies, Linda Caradus, Herwig Raubal, Bobby Schoonraad** and **Paul Rhodes** attended a meeting with MED in June, which was primarily an initial exploration into a range of issues surrounding superannuation and insurance regulation. MED indicated that the Society would be given the opportunity to contribute further as the project progressed.

International Accounting Standards

As you are all aware, the International Accounting Standards Board has been in the process of developing/reviewing international accounting standards, New Zealand having determined that it will adopt these without alteration. Phase 1 of the project to review insurance accounting has culminated in New Zealand with the adoption of FRS 34a and FRS 35a in October 2004. Phase 2 of the project is now under way with the establishment of a working group by the IASB. The working group is currently in scoping phase. Updates can be found at the IASB's website (www.iasb.org). The Society will be monitoring developments and seeking input from members as appropriate.

The LIASB in Australia has released discussion drafts of policy liability, solvency and capital adequacy standards in response to the stage 1 accounting changes. The Life Committee will be reviewing for applicability to New Zealand.

Linda Page
Vice-President