



Ian New  
President

PRESIDENT'S REPORT  
April 2009



Linda Page  
Vice President

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## Continuing Professional Development (CPD)

Council recognised some time ago that for many Members, the provision of CPD opportunities is probably the most important service that they seek from their professional body. So the consideration of CPD opportunities has become a standing agenda item at Council meetings.

Council is committed to raising the frequency of sessional meetings and CPD events throughout 2009. Nevertheless, it is clear that what might constitute CPD for one member, may well not qualify as CPD for another member. Although meetings have the inherent benefit of interaction with fellow professionals, CPD can however take many different forms, including private reading and analysis of overseas research papers.

Council is always open to ideas on sourcing more CPD, so do please convey your thoughts to a Council member.

## Recent Member Meetings

In mid-February, Louis Boulanger made his presentation *Protection Against the Rising Risk of a Systemic Financial Meltdown* at sessional meetings in each of Auckland and Wellington. This presentation had been run as a concurrent session at the 2008 NZSA conference and was nominated by delegates as one they had missed and would like to attend as a sessional paper. The meetings generated a considerable amount of thought and discussion.

We had sessional meetings with a difference in early March when *Richard Harvey* kindly spoke about his experiences in Africa, where he and his wife spent a year as volunteers with the charity Concern Universal in Kenya and Malawi. Richard is a former President of NZSA and is also the former Group Chief Executive of Aviva, the fifth largest insurance group in the



John Smith  
Secretary



Greg Lee  
Council Member



Peter Brown  
Past President



Linda Caradus  
Council Member



Heathcliff Neels  
Treasurer

world. It was a privilege and delight to have Richard speak to us. Several members have told me how inspiring they found the talk and learning about Richard's voluntary work.

In late March / early April, the NZSA joined with the Reserve Bank of New Zealand to hold Member meetings in Auckland and Wellington. At these meetings, Geoff Atkins of Finity Consulting in Australia presented his thoughts for a *Solvency Standard of Non-Life Insurers*. This was a valuable interactive consultation session and I mention more of this development later in this newsletter.

Members should also be aware that the *NZSA 2008 Conference papers and presentations* have now been loaded onto the NZSA website. This material can be accessed within the 'Events' section of the website.

## Future NZSA Events

### **Visit of Trevor Thompson, President of the Institute of Actuaries of Australia**

*Wednesday 29 July in Auckland*

*Thursday 30 July in Wellington*

Trevor Thompson, President of the Institute of Actuaries of Australia, will be visiting New Zealand in late July. We will take this opportunity to hold sessional meetings where Trevor will speak about the initiatives that the International Actuarial Association has been taking around the global financial crisis. Trevor has been closely involved in this at IAA level. Following these late-afternoon meetings, there will be drinks prior to dinner. Members will be able to select whether they attend just parts of these events, or all elements. Full details of the arrangements will be circulated closer to the time, but please keep these dates free in your diaries.

### **Professionalism Course**

*Provisionally Thursday 27 August or Friday 28 August*

We have now secured commitments from both Curtis Huntington and John Maroney to travel to New Zealand to facilitate and present at a Professionalism course for NZSA Members. ***The target audience for this course will be experienced actuaries***, typically with at least 5 years post-qualification experience. The course is not intended to substitute for the Australian Institute's Professionalism course regularly run for newly-qualified actuaries, and it will have a different emphasis.

Curtis and John are both actuaries and will be known to many of you already. Curtis is an NZSA Member based in Boston, and has considerable experience in the USA with facilitating professionalism courses for actuaries and also hearing professional complaints. John is Chief Executive of the Institute of Actuaries of Australia and is involved in organising and presenting the Australian professionalism course. Final details are still being worked through, but it will be a one-day event, held on one of the above dates, most probably in Auckland.

The date of this event will be notified to members as soon as arrangements have been finalised. This promises to be a seminal event for the New Zealand Society of Actuaries, and I urge you to seriously consider attending. Special thanks to Peter Brown for leading the organisation of this event and bringing it to reality.

### **General Insurance Seminar**

*Thursday 22 October*

Early warning to mark your diaries for an NZSA General Insurance seminar to be held in Wellington on 22 October 2009. The General Insurance sub-committee is in the initial

planning stages for the event and would be delighted to hear from the wider Society with ideas for the agenda. Please contact Richard Beauchamp in the first instance.

## **IAAust Biennial Convention 2009**

I am very much looking forward to attending the Biennial Convention of the Institute of Actuaries of Australia in Sydney from 19 – 22 April 2009. And I look forward to seeing some fellow Kiwis there, as well as actuaries from around the globe. I always find that these Biennial Conventions offer a wide range of interesting concurrent sessions and we will consider whether there are sessions that could be repeated in New Zealand for our membership.

## **NZSA Conference 2010**

As noted in the last newsletter, Charmaine Green has agreed to be convenor of the Conference Committee for our 2010 Conference. I am pleased to say that Charmaine has now pulled together a Committee, comprising Marinda Dean, Stephen Jeffery, and Ross Simmonds. Thank you in anticipation to each of you, and especially Ross who is involved second time around and thereby providing a direct link to the 2008 experience. The Committee's immediate task is to agree the timing of the conference and book the venue. It may seem a long time off, but it is never too early to start thinking about a piece of research as the basis of a paper.

## **Regulatory Developments**

### **Prudential Regulation of Insurance**

As referenced above, the Reserve Bank of New Zealand has engaged Geoff Atkins to produce a draft solvency standard for non-life insurance. The recent Member meetings comprised 'pre-drafting consultation' and were part of a commendable strategy to seek early consultation prior to commencement of the detailed drafting. Necessarily, Geoff's thoughts need to be treated confidentially at this stage. Nevertheless, Richard Dean and Geoff Atkins are keen to hear about examples of actual companies with unusual features where standard requirements may cause difficulties or issues.

One of the key issues for the profession to consider is the overall structure of the solvency standards and their relationship with other NZSA standards. The same approach would preferably be adopted for both general insurance and life insurance.

A draft general insurance solvency standard is planned to be available in early May, and release of the draft Bill is understood to be imminent at the time of writing. Clearly, NZSA will be closely interested in reviewing the Bill and the solvency standard. It will also be necessary to take a step back and review the life insurance solvency standard. This whole field will be a prime area of activity for NZSA in 2009. It is very pleasing to see the level of engagement of the RBNZ with the NZSA over these developments.

## **Solvency Disclosures for Life Insurers**

As part of their ED115, the New Zealand Institute of Chartered Accountants have proposed that life insurance companies should be required to disclose whether the solvency figure quoted in their public financial statements has been calculated in accordance with NZSA's PS5. We have submitted that the proposals should go further and should require life insurers to report on the basis of PS5.

Although all of this will be overtaken by the RBNZ prudential regulation developments before too long, we believe there is a principle here which should be pursued in the meantime. A copy of the NZSA submission is on our website. Thanks to David Chamberlain for leading this work.

## **Taxation: Life insurance, OCR deductibility, KiwiSaver**

As reported in the January newsletter, NZSA took the opportunity to lodge a fuller submission on the Taxation (International Taxation, Life Insurance and Remedial Matters) Bill in January 2009, following the Bill's reinstatement and re-exposure subsequent to the election.

In response to this submission, NZSA were invited to appear before Parliament's Finance & Expenditure Committee. I am very grateful to Linda Caradus and Herwig Raubal who represented NZSA at the FEC at short notice. A copy of the NZSA submission is on our website.

## **International Financial Reporting for Insurance**

The current version of IFRS 4 (on which NZ IFRS 4 is based) has been in place since March 2004. Appendices C & D of NZ IFRS 4 govern the financial reporting of life insurance and general insurance respectively. Many members will be aware that IFRS 4 was the outcome of Phase I of the developments, and that there is a Phase II yet to come.

Phase II is now gathering momentum, with the International IASB and the American FASB working together towards a global GAAP accounting standard for insurance. However, these things take time ..... the target is an Exposure Draft in December 2009, publication of the Standard in May 2011, with implementation perhaps 18 months later.

Two fundamental issues currently being addressed are:

- whether the new standard should be developed using a Current Exit Price (CEP) or a Current Fulfillment Value (CFV) approach to measure insurance liabilities, and
- whether or not an accounting profit could be recognized on the inception of an insurance contract

## **Professional Standards Update**

Good progress has been made with work on several NZSA professional standards:

### **PS5.01 (Update) *Solvency Reserving for Life Insurance Business***

This updated version of PS5 has been put in place and is effective from 31 March 2009. Thanks to the Life Committee for seeing these changes through.

### **PS6 (New) *Actuaries Providing Advice under the Friendly Societies and Credit Unions Act 1982***

This new professional standard, PS6 *Actuaries Providing Advice under the Friendly Societies and Credit Unions Act 1982*, is now in place, effective from 31 March 2009. Sincere thanks to the Working Group of John Feyter (Convenor), Charlie Cahn and Peter Davies for the considerable amount of work involved in developing this professional standard through to completion.

### **PS8 (New) *Economic Valuations***

A revised exposure draft has been issued by the drafting group, taking into account feedback on the earlier draft. Feedback on the latest draft closed on 10 April 2009.

### **PS9 (New) *Communication of Professional Advice***

A revised exposure draft has been issued by the drafting group, taking into account feedback on the earlier draft. Feedback on the latest draft closed on 10 April 2009.

### **PS10 (New) *Financial Reporting for Superannuation Schemes under IAS19***

The Superannuation & Savings Committee has received feedback from the membership and is in the process of considering this.

### **PS11 (New) *Investment Advice***

It has been proposed that the Society should draft and agree a new Professional Standard in respect of Investment Advice provided by Members. The scope of such a standard is clearly a key issue. The proposal is that the standard would apply to actuaries who assist Fiduciaries (defined as trustees, directors and/or executive officers investing monies through pooled or direct vehicles on behalf of public or private savers and investors) as well as actuaries who provide financial advice to members of the public. Heathcliff Neels is leading the drafting group for this standard.

## **Council Meetings**

The next meeting of Council is scheduled for Monday 11 May 2009.

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

## **Committee Appointments**

I am pleased to report that *Lyndon Jones has taken over as Convenor of the Education Committee*. This is a busy Committee and I would like to acknowledge Charmaine Green's significant contribution as Convenor of the Education Committee over a number of years. Not that Charmaine will now have lots of free time ..... we needed to find a replacement for Charmaine because she is now Convenor of the 2010 Conference Committee.

The following appointments to the Society's Committees have been approved at recent Council meetings:

General Insurance     Christian Barrington

The Superannuation & Savings Committee is looking for a further new member. Anyone interested in contributing to the profession in this way should contact the Convenor, Janet Hayden, in the first instance.

## **Actuarial involvement in NZ Communities**

Council is supporting the establishment of an NZSA working group to develop ideas for the involvement of actuaries in the wider community. Members who are interested in joining or becoming involved with this group should please contact Charles Hett in the first instance.

His email contact is [charleshett@deloitte.co.nz](mailto:charleshett@deloitte.co.nz) and mobile phone number 021 616 040.

## **New Members**

We welcome the following new members of the New Zealand Society of Actuaries:

### **Students**

Nicolla Eager  
Anita Samu  
Yi Liu  
Nicola Hall  
Richard Trendall

### **Fellows**

Stephan Kaise  
Karen Whittred  
Leigh Boekestein (newly qualified)  
Ben Coulter (newly qualified)

Ian New  
**President**