



**Richard Geisler**  
President

## NEW ZEALAND SOCIETY OF ACTUARIES

### PRESIDENT'S REPORT

JUNE 2004



**Doune Connett**  
Vice President

#### Council Notes

After a fast start to the year, Council has had some time to conduct business as usual.

New committee members appointed by Council are **Ben Coulter**, Human Rights, **Gavin Pearce** and **Nick Allsop**, General Insurance, **Richard Bruynel**, Investments.

Council appointed **Curtis Huntington** as proxy for the Society for the International Actuarial Association meeting in Stockholm. Curtis reported the most controversial vote was the passing of an amendment to the process for adoption of international standards of practice. The amendment requires all new IAA standards of practice to first be introduced as practice guidelines, allowing Member Associations time to prepare for the upgrading of local standards which could become mandatory as members of the IAA. Other news of the IAA will be in their next newsletter.

**Ed Robinson** has agreed to represent New Zealand as Vice-Chair of the IAA Accreditation Committee.

A sub-committee of the Life Committee has been set up to review the basis and methodology adopted for the experience investigations. The members of the committee include **Tracey Teague**, **Michael Bartram**, **Kate Dron**, **Paul McLeish** and Chair **Linda Page**.

We have decided to change our web host to increase our services and reduce costs. All should be transparent to you, so not to worry.

Government has appointed one of the Council's nominations, **Bernard Reid** as a member of a group charged with a brief to "provide advice to the Government on the detailed design and implementation issues to be resolved in delivering widely adopted generic work-based savings products". It is important to note that Bernard is acting as an individual actuary while some others on the group are from industry bodies with public

opinions on the topic. Their first report to the Treasurer is in August.

#### Guidance Note Withdrawn

GN4, Actuarial Valuations for the Purposes of the Matrimonial Property Act, has been withdrawn. In the opinion of Council, with advice of several members, this note has become outdated and reliance on it for professional guidance was no longer appropriate. Actuaries who provide advice relating to the Property Relations Act are bound and guided by the provisions of the code of Professional Conduct. Council will endeavour to replace this note.

#### London Eye

In addition to the round table discussions at the Presidents' Forum in London, we were treated to a afternoon at the Tate Modern and a spin on the London Eye. Prior to the meetings, **Keith Woolnough** organised after work drinks at the pub next to Staple Inn for any ex-pats. We had a nice catch-up with several folks but I didn't get any hints that any would return to NZ in the near future. So the social side of the trip was good fun.

At the meetings, governance of the profession dominated discussions. Jeremy Goford, President of the IA, reviewed the Penrose Report on the fall of Equitable with particular insights on the leadership of the company. Given the magnitude of the failure of Equitable, it was a surprise to the profession that the appointed actuary for Equitable was rightfully able to claim valuation practices were materially in line with valuation standards. That is, the standards were broad enough to include his approach. The regulators were equally surprised that the failure occurred even with the appointed actuary regime part of the regulatory system. This led to the Morris review of actuaries. The Morris Review Consultation Document has just been released and can be accessed at [www.hm-treasury.gov.uk/independent\\_review/independent\\_reviews\\_index.cfm](http://www.hm-treasury.gov.uk/independent_review/independent_reviews_index.cfm)



Brian Lenehan



Linda Page?



Mark Weaver  
Past President



Herwig Raubal?



Peter Cosseboom

Very useful discussion on governance issues generally concluded the need for more transparency in the profession. The minimum change organisations are expecting would be the requirement that boards be chaired by independent, non-members of the profession. This extends not only to judiciary panels but is now being considered for standards board and councils.

Other issues being given attention by other actuarial organisations are

- Mutual Recognition (see below),
- the profession of risk analyst – should actuarial societies embrace and regulate these practitioners?
- Revalidation of Actuarial competence – does this mean practice certificates for generalists?
- Mandatory Peer Review – very likely in some areas of practice

I have a full summary and more detail from the meetings if interested.

### IAA

From my meetings in London, it is clear that other organisations are increasing their participation and support of the IAA. As an example, some issues of governance may only be fully addressed through an international body. Examination of students for instance may become an IAA responsibility with speciality practice certificates offered by local organisations.

The NZSA is currently represented by **Ed Robinson** on the Accreditation Committee and **Ian Perera** on the Insurance Regulation Committee. We are not represented on the Insurance Accounting Committee but **Charles Hett, John Melville, Ian Perera and Ed Robinson** are "Interested Persons" and receive emails relating to the work of that Committee. Other Committees to which we could appoint representatives are: Advice and Assistance, Education, Financial Risks, Pensions and Employee benefits, Professionalism, Social Security, and Supranational Relations"

I encourage any of our members to consider participating on one of the numerous IAA committees. It will benefit you and the Society. Take a look at their activities at [www.actuaries.org](http://www.actuaries.org). Let Council know of your interest.

### Review of Complaints Process

As an update, this committee will report back to Council in mid year prior to recommendations being submitted for discussion to the members. The independent member appointed to Daryl Hayes' committee is Hugh Rennie, QC. They have a major

challenge to create a fair, efficient, transparent process that meets public and government expectations and also manageable with the resources our profession.

### Mutual Recognition Agreements

The Society is continuing to explore ways to bring NZ closer to Australia. The need for this has always been based on the belief that Australia will become more important to actuaries practising in NZ. Setting internationally accepted standards, providing sufficient training and CPD opportunities will make us more reliant on the Australian resource than ever before.

Around the world a number of societies have implemented mutual recognition agreements, allowing a member of one society to become a full member of the other. This establishes certain rights but does not mean automatic ability to work in the other location. The local requirements to show sufficient competence and knowledge of the area of practice are still applied.

Such an agreement operates between Australian and UK societies. However, residency is required in the jurisdiction. It has been proposed that the NZ actuaries who have solely a UK qualification could become members of the Australian society by changing the residency clause to include NZ. Both UK and Australia are in agreement with this but there is a major obstacle, namely the UK qualified actuary would be required to continue their membership of the UK society. This solution would therefore entail a cost of another subscription for the NZ actuary. So discussions will continue to see if any better solution can be found.

### New Members

#### Fellows

Pauline Blight Gregory Bird

#### Ordinary

Peter Lane Christopher Bolton  
Sri Farley James Gutry

### Committee Activities

**General Insurance:** The Society's inaugural General Insurance workshop on 11 May was a great success with many of the 40 participants agreeing that it should become a regular event in future. Keynote speaker, John Trowbridge, set the scene by describing the essence of being a successful General Insurance actuary (or actuary in general?) and how GI actuaries have evolved in Australia. Experienced practitioners from this side of the Tasman facilitated a typically lively discussion on a range of topics in General and

Health Insurance. Look out for working parties for the next GI workshop, near you.

*Health:* The Committee is currently working on a draft Solvency Standard for health insurers, modelled closely on the Australian statutory standard. An aspect requiring special treatment here is that health insurance is written by a number of different types of organisations, including "pure" health insurers, life insurers, general insurers, and organisations whose principal activity is not insurance.

The committees hope to be able to circulate a draft version of this proposed standard to all members shortly, for comment.

*Experience Investigations:* The new committee is gathering information on approaches used overseas in performing experience investigations as well as requesting feedback from life companies to ensure what they ultimately produce is useful. The committee is particularly keen to receive comments from members of the Society on their views, both good and bad, of the current basis adopted for life experience investigations. If you have any comments, please forward them to [Linda.Page@sovereign.co.nz](mailto:Linda.Page@sovereign.co.nz).

*Life:* The Law Commission is expected to release their second discussion document in July. Likely there will again be a short consultation period for the committee to make a submission.

A full list of Committees and their members can be found on the NZSA website – [www.actuaries.org.nz](http://www.actuaries.org.nz). If you have an interest in working on any of the Committees, please let us know.

### Upcoming Events

#### *Australian President's Visit and Annual Winter Dinners*

The (nearly) traditional August Social gatherings are opportunities to discuss areas of mutual interest with Graham Rogers, president of the IAAus. He will be here for the Council meeting on 18 August and dinners are being planned for that evening in Wellington and on Thursday the 19th in Auckland. Details will be coming but please plan to attend. Partners are warmly invited.

Graham's annual visit is one of the efforts of the two societies to build closer relations, sharing ideas with the aim of raising the professional standard of actuaries in NZ while ensuring that Australia has a clear appreciation of the issues facing NZ actuaries.

IACA, the new Pension Section and the Institute of Actuaries in Australia are sponsoring a Colloquium in Sydney from 31 October-5 November 2004. Details can be found at [www.actuaries.asn.au](http://www.actuaries.asn.au).

### Conference



Preparations for the Conference in Napier in November are now full steam ahead. We are delighted to have secured Alan Bollard, Governor of the Reserve Bank, as our keynote speaker, as well as Jane Diplock from the Securities Commission, David Carrigan from IRD, Susan St John from the University of Auckland, Garry Wilson, Chief Executive ACC and Diana Crossan, the Retirement Commissioner. Following the interest generated at the last conference, Grant Scobie from Treasury has also agreed to return to present his latest research.

Presentations from the profession will include topics in all interest areas including Life Insurance, Superannuation, General Insurance, Health Insurance, and Investments. We are sure there will be something for everyone.

Registration brochures for the conference will be out in early August, but for those of you who can't wait to find out more, the website is up and running, visit it at [www.conference.co.nz/actuaries](http://www.conference.co.nz/actuaries) or look for the link on the Society website.

### And Finally

What's happened to the monthly luncheon for actuaries? Seems Auckland can get organised but it is all quiet in Wellington and Christchurch. It really isn't too hard to do but someone needs to take the lead. Any volunteers, at least during the winter months? There will be a one-off Wellington lunch on Thursday 29 July at the Wellington Club – more details to follow. August is all set with the evening social dinner. Now what about September? Fran can help with venue and invites.

Keep in touch  
Richard Geisler  
President