



Bernie Higgins
President

PRESIDENT'S REPORT
Winter 2010



Recent Member Meetings

In mid-May, John Smith presented on ***Reflections on the International Congress of Actuaries*** at sessional meetings in each of Auckland and Wellington. We are grateful to John for travelling to Cape Town and not only presenting a paper himself, but also for representing the NZ Society at the Presidents' Forum. It is interesting to note that there were 3 papers presented at the Congress on different aspects of New Zealand experience and developments.

All the papers presented to the International Congress are available on the ICA website: www.ica2010.com

An excellent CPD opportunity!

Future NZSA Events

Visit of Bozena Hinton, President of the Institute of Actuaries of Australia

Wednesday 21 July in Auckland

Thursday 22 July in Wellington

Bozena Hinton, 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 Bozena will speak about the current activity areas of the Australian Institute and the International Actuarial Association. Bozena is well engaged at the international IAA level. Following these late-afternoon meetings, there will be drinks prior to dinner. Members will be able to elect whether they wish to attend for some of these events, or all elements. Full details of the arrangements will be circulated by email, however in the interim please keep these dates free in your diaries.



John Smith
Secretary



Ian New
Past President



Paul Rhodes
Council Member



Linda Caradus
Treasurer



Heathcliff Neels
Council Member

NZSA Conference 2010
21-24 November in Blenheim

A gentle reminder to any member contemplating the preparation of a paper for the Conference

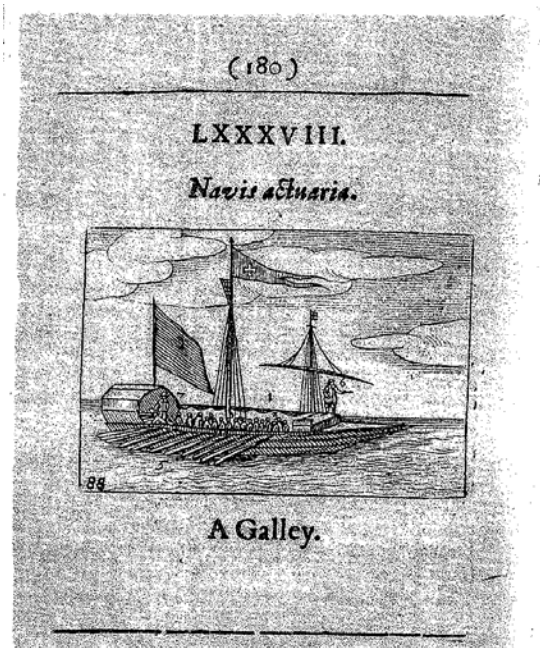
I hold every man a debtor to his profession; from the which as men of course do seek to receive countenance and profit, so ought they of duty to endeavor themselves, by way of amends, to be a help and ornament thereunto.

Author: Francis Bacon
Source: Maxims of the Law (preface)

Charmaine Green and the Conference Committee are making great progress in organising our 2010 Conference. I should declare that I have “insider knowledge” of several plenary speakers and their topics, and it is ‘shaping-up’ as my impressions are that I can tell you that this is going to be an excellent event. Sponsorship commitments are also coming along well, which will help to make this not only a really worthwhile conference to attend, but also fantastic value for money. Block out these dates in your diaries now!

Further details can be found on the conference website www.nzsa2010.co.nz

In keeping with the Conference theme of Sound Navigation Uncharted Waters



Regulatory Developments

Prudential Regulation of Insurance

The Finance and Expenditure Select Committee reported back to Parliament on the Insurance (Prudential Supervision) Bill on 31 May 2010. NZSA made a substantial submission to the FEC in early February and a copy is on the NZSA website – sincere thanks to Linda Caradus for leading this response on an aspect of NZ legislation that is of vital interest to the actuarial profession.

Also on the NZSA website is the NZSA's response to the Reserve Bank on their second draft of a solvency standard for non-life insurance. Thanks to Paul Rhodes and the Society's Non-Life Solvency Working Group for their on-going engagement with the Reserve Bank and for formulating this response.

I know that the drafters of NZSA submissions also appreciate the input from Members around which issues to raise, and how they should be addressed. So thank you also to Members who have taken an active interest in these developments.

Financial Markets Authority

In late-April, the Government announced that they would create a 'super-regulator' for New Zealand's financial markets. The Financial Markets Authority (FMA) will consolidate functions across the Securities Commission, the Ministry of Economic Development, including the Government Actuary, and NZX. The FMA will be the financial markets regulator, with the Reserve Bank being the prudential regulator.

The FMA will enforce securities, financial reporting, and company law as they apply to financial services and securities markets. It will also regulate and oversee trustees, auditors, financial advisers and financial service providers. The Government's stated intention is that all regulatory functions of the Government Actuary will be transferred to the FMA. Legislation to establish the FMA is expected to be passed this year with the intention that it will be up and running early in 2011.

Financial Advisers

On 31 March, the Code Committee issued a draft Code of Professional Conduct for Authorised Financial Advisers. Heathcliff Neels led the development of an NZSA submission recommending that the Unit Standards A, C and D should be treated as having been satisfied through attainment of the Fellow of the New Zealand Society of Actuaries (FNZSA) designation. This would align with the Code Committee's proposed recognition of the Chartered Financial Analysts and Chartered Accountants' designations. A copy of our submission is on the NZSA website – our thanks go to Heathcliff Neels and George Carter for their work on this.

At the end of April, Government Minister Hon Simon Power used the opportunity of the INFINZ industry awards dinner to make a series of announcements. The announcement included an intention to re-address several areas of concern with the financial adviser legislation, an example being the treatment of advice to wholesale clients. Another area was the timing of the introduction of the regime, where a further six months will now be allowed for training and education requirements to be met. So the new regime will now come fully

into force from 1 July 2011. Nevertheless, the registration requirements continue to have a deadline of 1 December 2010, applications for authorisation having to be submitted by this date.

Review of Securities Law

In late-June, the Ministry of Economic Development issued a discussion paper on a review of the Securities Act, with a target of introducing legislation in 2011. This paper envisages a major overhaul, with a new Securities Act replacing the current Securities Act 1978 and the Securities Markets Act 1988. Submissions on the discussion paper are due by 20 August 2010.

In the meantime, the Securities Act 1978 is to be changed to provide that the manager of a retail KiwiSaver scheme will be the issuer, rather than the current position where the trustee is the issuer. The Government also intends to consult on formulating regulations around enhancing the information provided by KiwiSaver schemes to investors.

Taxation of Life insurance

The effective date of 1 July 2010 for application of the new life insurance tax regime has now arrived (noting that individual companies may elect an earlier date). In the last newsletter, we referred to the introduction of the concept of “actuarially determined” into this tax legislation. We noted that this approach of allowing professional judgment, rather than setting out the detail of the calculation to be made, is unusual in New Zealand tax legislation and places a professional responsibility upon Members to act and advise appropriately in this area.

The Inland Revenue have recently held seminars in Auckland and Wellington to discuss the implementation of this new tax regime with industry participants. The IRD invited questions in advance of the seminars, with the intention that they could provide well thought-out responses. The overall feedback I have had is that the IRD recognise that this is a complex area of taxation and that they are very open to discussion of issues around application of the new regime. This appears to be a very helpful and collaborative approach.

CERA Global Treaty

There have been significant further developments with the new global CERA (Chartered Enterprise Risk Analyst) designation in relation to enterprise risk management. Fourteen actuarial bodies from around the world have signed up as founding signatories to the treaty governing this new designation. All of these bodies are examining bodies and intend to become Award Parties for CERA. One of the next stages is to widen the membership, and non-examining bodies such as NZSA will be invited to become supportive Acceding Parties.

This whole initiative is an extremely significant development for the global actuarial profession. Council is now considering whether NZSA will apply to become a member. Further information is available from Andrea Gluyas, who has been monitoring developments and is our NZSA contact point.

Council Meetings

The next meeting of Council is scheduled for Monday 12 July 2010.

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 ***George Carter has taken over as Convenor of the Investment Committee***. This follows on from Peter Cosseboom's move into a different area of work. I would like to acknowledge Peter's contribution as Convenor of the Investment Committee over a number of years.

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

Education : Joanne Goad

Professional Standards: Ray Taylor

New Members:

Students:

Mark Wu
Annelize Germishuizen
Jessica McCreary
Maria Fisher

Ordinary

Chris Harre

Fellows:

Nicholas Smart
Xiaozhou Zhong
Puneet Sudan
Mark Stewart
Andrew Katon
Mark Channon
Myra Daly
Fraser Kerr
Ben McLeod
David Quinn Watson
Tim Spicer

Bernie Higgins

President