

E-Newsletter – October 2002

Welcome to the third edition of the Groupe's e-Newsletter which contains information about last month's Annual Meeting. The 25th Annual Meeting was held on 5-6 September in Saariselkä, Lapland – the most northerly location which we have visited: well inside the Arctic Circle. It marks the beginning of a new year for the Groupe, under the Chairmanship of Norbert Heinen – a very important year, which will see us reach our silver jubilee.

Annual Meeting

Participants at the Annual Meeting benefited from excellent arrangements by the Finnish Actuarial Association (Suomen Aktuaariyhdistys), including a private transfer lounge at Helsinki airport before the onward flight to Lapland. The unseasonably warm weather in Helsinki did not extend to Saariselkä, but the rather wet conditions there cleared and did not dampen the enthusiasm of those delegates and guests who took time to explore the unique sub-Arctic surroundings and environment. Social events were notable for their traditional Lappish hospitality and cuisine. Some photographs from the event are included here.

The main actuarial issues from the various meetings in Saariselkä are summarised in the following sections of the Newsletter.

Freedoms & General Purposes

A 5-year review of the Mutual Recognition Agreement, which was introduced in 1997, was initiated and a questionnaire will shortly be sent to member associations. The strategy review undertaken by Ad Kok has, after a second round of consultation with member associations, identified a number of key action points:

- to examine the possibility of extending the Groupe's sphere of influence to other European Institutions as well as the Commission, and to get the Groupe known amongst MEPs and non-party groups
- to investigate a possible role for the Groupe as a unique source of actuarial data
- to review professional development and education activities, including the format of Colloquia and Summer Schools

Members of the Groupe's various committees will be aware that they are regularly asked to comment on discussion documents. We need to encourage greater participation by member associations and their representatives in the work of committees. To some extent this can be achieved through further development and use of Web resources. More importantly, however, since the level of response can sometimes be disappointing, we need to ensure that associations identify alternates who can attend meetings, or provide comment, when the nominated representative is not available. The privilege of representation carries with it the responsibility to participate, and to report back to the local association. At the same time, the Groupe needs to be aware of activities at local level which might usefully be developed across other countries or the whole Groupe.

From time to time there are certain issues where particular specialist knowledge is required, but members of the relevant committee do not have this expertise. Reinsurance supervision is a topical example. In such cases, the Groupe has encouraged committees to seek external help from other actuaries familiar with the issue, and to establish *ad hoc* expert groups.

The Estonian Actuarial Society and the Slovenian Association of Actuaries, which have been Observer Members of the Groupe since 1999, have now become Associate Members.

The Freedoms & General Purposes Committee agreed in principle a set of guidelines concerning arrangements for Annual Meetings. These guidelines, which will be circulated shortly to member associations, set out the essential requirements which a host association should be able to provide, as well as some information about costs, timing and location, and are intended to ensure that all member associations can feel able to host an Annual Meeting.

Insurance

Through the enthusiastic participation of Peter Boller (DAV), supported by a small group of technical experts (the Reinsurance Actuaries Group – RAG), the Groupe continues to make a significant contribution to the work of the European Commission in developing proposals for a reinsurance supervision régime. The Commission is keen to see a “fast-track” introduction of reinsurance supervision (within 2 years), before the outcome of the Solvency 2 exercise. It is important that the Groupe’s involvement emphasises the professional, as distinct from the commercial, rôle of the actuary, and that it should produce practical solutions.

The timetable for the Solvency II exercise is approaching the end of Phase 1. Draft reports by the European Commission’s life and non-life working groups, to which the Groupe has contributed, will be finalised shortly and considered by the Supervisors. These reports will set out an overall scheme for which Phase 2 will develop a detailed technical framework. The Insurance Committee believes there is a role for the Groupe here, to provide guidelines on actuarial principles, and the Committee is now beginning work on the task of developing such guidelines. There will be a presentation by the Groupe to the EU Insurance Supervisors in Copenhagen in November which will include the latest developments in Solvency II. Any representatives of member associations on the Groupe who wish to attend this presentation should contact the Groupe Secretary.

In seeking to encourage greater involvement by member associations, the Committee has circulated a questionnaire to identify relevant work being carried out locally which might be extended and brought to a European focus by the Groupe.

A major survey of the professional responsibilities of insurance actuaries has recently been completed and is available on the Groupe’s Web site [here](#). This complements the survey of the professional responsibilities of pensions actuaries which was published a few months ago. The survey is being sent to the European Commission and EU Insurance Supervisors, and is likely to feature in the Groupe’s presentation to the Supervisors in Copenhagen in November.

The report of a study on Private Health Insurance in the EU, which was undertaken by the London School of Economics on behalf of the European Commission, includes a number of references to the submission made by the Groupe. The full text of the report can be found at http://europa.eu.int/comm/employment_social/soc-prot/social/vhi.pdf, with the Groupe’s submission cited at pages 96, 133 and 150 (see [here](#)).

Pensions

Work continues on updating a number of surveys:

- Solvency Standards for Occupational Pension Schemes in the European Union
- Defined Contribution Arrangements in Europe
- Pensions Aspects of Corporate Transactions
- Taxation of Occupational Pension Schemes
- Actuarial Standards for Transfers between Pension Schemes in the EU and other European countries
- Glossary of actuarial (Pensions) terminology

which will be published on the Groupe’s Web site early next year. In addition, an invitation has been received from the European Commission, through the Pensions Forum, to draft actuarial guidelines on transferability of supplementary pensions and the calculation of transfer values. The Committee is also considering whether to prepare guidelines on interpretation of the prudent person principle. Following the success of the presentation on ‘Actuarial Methods and Assumptions used in the Valuation of Retirement Benefits in the EU and other European Countries’ to a European Council working group, the Committee is hopeful that further opportunities to provide influential technical presentations can be made.

Investment & financial risk

The Committee's survey on the use of yield curves is being revised and extended, and will be circulated to member associations by the end of the year. It is important that this survey is completed with the assistance of appropriate business institutions. A second survey, on asset-liability mismatching, is also about to be circulated, and will be undertaken on a similar basis.

The Committee has prepared a review of the second consultation document on Capital Adequacy and responses to it. This review, prepared by Petra Wildemann and Antonia Maria Sanchez, was very well received, and is available [here](#).

Education

Minor changes to the Core Syllabus, to clarify certain aspects of the treatment of topics, have been agreed. A more substantial review, to update the content to reflect recent developments, is in progress.

A continuing professional development (CPD) sub-committee has now been established, and its first task will be to define a CPD strategy for the Groupe.

The Committee will be undertaking a survey in 2003 amongst member associations on actuarial education and qualifications. The last such survey was carried out 10 years ago.

The Committee is working with the IAA Education Committee on a joint education seminar to be held in Berlin on 26/27 November 2003 on the theme 'Educating actuaries with a business orientation'. A detailed programme for this Seminar will be published on the Groupe's Web site in due course.

Colloquia & Summer Schools

Registrations for this month's Colloquium in Barcelona on 'Risk Management and Capital Needs' have now passed the 150 mark. A number of delegates who are attending the IAA meetings in Barcelona at the same time have been attracted to the Colloquium by the very comprehensive programme produced by the Col.legi d'Actuaris de Catalunya.

The 2003 Colloquium will be held on 20 June in Budapest, on 'Pension models in Europe'. Further details will be published on the Groupe's Web site as soon as they are available. The Groupe is delighted to be able to arrange this, its first major event in one of the EU accession countries.

Finally, we must extend the Groupe's thanks to the Istituto degli Attuari for organising a very successful Summer School on 'Finance of Insurance' in Milan from 10-12 July, which attracted over 70 participants. (So successful was this event that Italy have offered to host another Summer School in 2004, in Trieste – details of this, and arrangements for 2003, will be posted on the Web site as soon as they are available).