

## **E-Newsletter – May 2003**

It was our hope and intention that this fourth edition of the Groupe's e-Newsletter should have appeared some weeks ago. However the period between New Year and Easter has been particularly busy, not least with preparation for and attendance at a number of significant meetings, including those of the Groupe's main Committees. News from these meetings forms the major part of this Newsletter and, on reflection, it has perhaps been better to delay publication until after these meetings in order to provide a substantial and up-to-date digest of information. The full minutes of the latest meetings of the Committees are, or will shortly appear, on the [members-only page](#) of the Web site.

Over the period 2 – 9 May we have experienced problems receiving e-mails at the [gcactuaries.org](#) domain (eg. [mlucas@gcactuaries.org](#)). This problem, which occurred while the Institute of Actuaries upgraded its IT systems, has now been resolved, but unfortunately it appears that most e-mails sent to the Groupe secretariat at [gcactuaries.org](#) during this period have been lost. If you have not received a reply to an e-mail sent to us during this period, please accept our apologies and re-send your message). Note that e-mails sent the Groupe secretariat via the [actuaries.org.uk](#) domain (eg. [michaell@actuaries.org.uk](#)) were NOT affected.

### **Freedoms & General Purposes**

The circulation and return of the questionnaire to review the implementation of the Mutual Recognition Agreement was delayed, and consequently the responses have only been briefly summarised rather than analysed in depth. In general, it appears that the present Mutual Recognition Agreement is working well, with only one or two isolated issues where difficulties have been experienced. The main issue is to ensure that the Agreement is consistent with changing EU legislation, and the Groupe will be seeking legal advice to ensure this.

Members are no doubt already aware that 2003 is a special year for the Groupe, since it is the 25<sup>th</sup> anniversary of its establishment. To mark the occasion, John Henty – who retired in 2001 after serving as the Groupe's secretary since it was established in 1978 – has been commissioned to write a history of the Groupe and its achievements. John is making good progress with his book, and copies should be available for delegates at the Annual Meeting in Athens in October. It is intended to provide copies to all member associations, and to various European and international organisations with which the Groupe has links. We will also be happy to supply copies to individual member actuaries on request.

The Groupe has met with EU Insurance and Pensions Supervisors twice in the last six months. In addition to the annual meeting at the Palais des Congrès in Brussels (held this year on 7/8 April, presentations available [here](#)), we were also able to contribute a presentation to the Conference of Supervisors in Copenhagen in November. The Copenhagen meeting included an update on the progress of the IAA Solvency working party, and an overview of the Groupe's survey on the role of the Appointed Actuary. The success of the Groupe's participation in Copenhagen is reflected in a further invitation to provide a presentation at the Conference of Supervisors in Athens in October which, of course, we are delighted to fulfil. Although the Brussels meeting has become established as a regular event in the Groupe's calendar, the numbers attending have declined significantly in recent years, particularly this year. At the same time, the representation from the Supervisory authorities is now at a less senior level than it used to be. It is perhaps now appropriate to review whether these meetings should continue and, if so, in what format; Supervisors have recently been sent a short questionnaire seeking their views.

The Colloquium in Budapest on 20 June (details [here](#)) is attracting a gratifying level of interest from central and Eastern European associations. A limited number of places at the Colloquium are being made available at a 50% concessionary rate for associations which pay a reduced annual fee to the Groupe.

### **Insurance**

After a long period of consultation, to which the Groupe actively contributed, the European Commission issued its outline recommendations for "the design of a future prudential solvency

system” at the beginning of March. This paper, together with the initial discussion document and the Groupe’s response, can be found in the member-only section [here](#).

Representatives of the Insurance Committee met staff of the European Commission in mid-March to discuss the Groupe’s submission, and the future participation by the Groupe Consultatif in a number of new technical working groups which the Commission are proposing to establish to progress the Solvency II project. Such participation would represent a major commitment and strategic challenge for the Groupe, with significant resource implications. However, both the Insurance Committee and the Freedoms & General Purposes Committee were unanimous that the Groupe must grasp this unique opportunity. It underlines the need to encourage greater participation by member associations, reported in the last e-Newsletter. At the same time, it is clear that the Groupe will only be able to make the level of input required by the Commission’s working groups if companies can be persuaded to provide staff time on a *pro bono* basis through member associations; in fact, two such offers have already been received. An interesting alternative suggestion from one member association, to promote local participation, is to link it to qualification, with a period of involvement supporting a technical working group instead of the usual thesis.

Another issue of major concern to the Insurance Committee is the question of the implications for the insurance industry of the proposed new International Accounting Standards (IAS), in particular changes to IAS32 and IAS39 and their relationship to the principles of fair value as it applies in insurance. The full discussion at the Insurance Committee can be found in the members-only section [here](#).

On the subject of fair values, we have learned that insurance companies in the Netherlands will be required, from 2006, to disclose fair value of liabilities. Also in the Netherlands, the Supervisory Authority is developing a new Financial Assessment Framework which includes a 3-part solvency test; the Dutch Supervisor has published a White Paper in English on this issue which is available on request from the Groupe secretariat.

Other developments elsewhere in insurance include –

- a proposal by insurance companies in Norway and Finland to discontinue payment of commission to brokers, who would have to replace this payment by seeking fees from clients
- the introduction of the role and function of Appointed Actuary for motor insurance in Italy

## **Pensions**

The Pensions Committee has just launched a new survey, on the taxation of occupational pension schemes in the EU: a first report should be available on the Web site in the autumn. The latest revised versions of a number of other established surveys – on professional responsibilities, pensions terminology, solvency standards for occupational pension schemes, defined contribution arrangements, and pensions aspects of corporate transactions – will also be uploaded to the Web site as soon as the latest updates are available.

The Committee is also developing actuarial principles and guidelines on the prudent person principle, and for transferability of supplementary pension rights, following presentations and stimulating discussions on these topics at the recent meeting with EU Pensions Supervisors in Brussels.

## **Investment & Financial Risk**

The completion of questionnaires for surveys on the use of yield curves, and asset-liability mismatching, has been delayed. It is now expected that these questionnaires will be circulated during the summer.

The IFR Committee has reviewed the investment content of the Groupe’s Core Syllabus, and will be making a number of proposals to the Education Committee for amendments.

The Committee intends to seek ways of promoting the role of the actuary in banking/investment. A number of members have expressed concern that the actuarial role in this area is not adequately recognised by other financial professions in several European countries.

### **Education**

Details of the joint Groupe/IAA education seminar on “Educating actuaries with a business orientation”, to be held in Berlin on 26/27 November 2003, are available [here](#).

### **Colloquia and Summer Schools**

Details of the Groupe’s 16<sup>th</sup> Colloquium, to be held in Budapest on 20 June 2003 on the theme “Pension models in Europe”, have been available [here](#) on the Web site for some time. A number of places are still available, including some at concessionary rates for member associations in central and eastern Europe. If you sent in a registration by e-mail between 2 – 9 May and have not received an acknowledgement, your application may have been lost during the e-mail difficulties described above; please re-submit your registration.

There will be no Summer School this year, but it is proposed to hold the event again in 2004 in Vilnius, Lithuania, and in 2005 in Trieste, Italy. More details will be made available in due course on the Web site.