

A EUROPEAN PROFESSION— THE ACTUARY AND INSURANCE AFTER 1992

5TH COLLOQUIUM—GROUPE CONSULTATIF, 30 OCTOBER 1992

The 5th Colloquium of the Groupe Consultatif was held at Staple Inn Hall on 30 October 1992. It was attended by some 128 actuaries representing the 14 actuarial associations of the E.C., together with representatives of the Swiss and Norwegian associations.

The meeting was opened by Mr John Martin, Chairman of the Colloquium and President of the Institute of Actuaries, who introduced Sir Brian Jenkins, the Lord Mayor of London.

The Lord Mayor recalled that the First Colloquium was held in the City in 1982, and welcomed this Colloquium some 10 years later. He stressed the importance of London as a world financial centre, and highlighted the role that the professions play in underpinning London's continuing success. He went on to underline London's commitment to Europe, and that London is also an important European asset.

The Chairman of the Groupe Consultatif, Professor Carla Angela, then gave an overview of the day's programme. She said that 1993 will bring with it new challenges for which Europe's actuaries must be prepared. She felt that the mutual recognition of actuaries across Europe will be a very important step towards greater co-operation and communication between actuaries from the E.C. She then introduced the formal programme for the day.

The first session covered E.C. developments in life and general insurance.

Mr Alastair Jollans, recently returned from DG XV, where he worked on the Third Generation Directives, updated the meeting on these pieces of legislation. The Third Non-Life Directive has been adopted and comes into force for most E.C. countries in July 1994. Adoption of the Third Life Directive is expected before the end of 1992, with the same date of effect as its non-life counterpart. He was able to give the meeting some insight into the negotiations that had taken place on the wording of the Third Life Directive, and admitted that, in certain respects, the compromise reached was less than perfect. Nonetheless, the speed with which the legislation was being put in place was remarkable, bearing in mind that it took 13 years from the conception to the adoption of the Second Non-Life Directive.

Looking forward, Mr Jollans speculated that some insurance supervisors in E.C. countries might come under pressure from the insurers under their supervision to relax their stance to allow them to compete more effectively in the E.C. marketplace. He felt that there is a risk that the liberalisation process might go too far too fast, and suggested that, if companies fail to use their new freedoms responsibly, there could be a possibility of more restrictive regulations being introduced.

Mr Dirk van Berlaar, Chairman of the Insurance Committee of the Groupe Consultatif, then explained the role of the Groupe in terms of the shaping of the Directives. He believes that the Groupe's greatest strength is its ability to express the agreed view of the 14 actuarial associations which it represents. It has not always been successful in its lobbying, however. He illustrated this by reference to Article 59 of the Accounts Directive. This Article states that the life assurance provision "shall be made by an actuary or other specialist in this field". The Groupe had lobbied hard to have the words 'or other specialist' removed, without success. He felt happier with the Groupe's success on the Third Life Directive, in that the common position would appear to be the best solution acceptable to all the parties, and its wording is in no small way a result of the Groupe's efforts.

Mr Bob Alting von Geusau was expected to give an overview of the non-life actuarial issues as we move closer to the Single Market. He felt unable to do justice to the topic in the allotted time, and, instead, gave the audience a delightful wander through the 'actuarial countryside', covering a range of subjects such as AIDS, selection of risks, absenteeism, funding methods for pensions, etc.

The morning session concluded with a panel discussion on the impact of the E.C. Directives on various European markets. The panel was made up of Mr Norbert Heinen (Germany), Mr Peter Clark (United Kingdom), Mrs Brigitte Brugirard (France) and Mrs Concepción Suárez-Llanos (Spain).

Mr Heinen's view was that the opening up of Europe's markets to competition was not in itself likely to have a major impact on Germany. Competition from other countries was not seen as threatening, but of much greater concern was the impact of the Directive upon the market's domestic insurers. He felt that significant change in the German supervisory regime can be expected to bring it more into line with other E.C. countries.

For the U.K., Mr Clark felt that the Third Generation Directives would have little direct impact on the U.K.'s insurers, with the possible exception of taxation, where pressure might be brought upon the Inland Revenue to bring the basis used in the U.K. more into line with the rest of the E.C. He went on to say that the Accounts Directive is causing considerable debate in the U.K., because of the requirement that it introduces for insurance accounts to be 'true and fair'. This is a new requirement for the U.K.

Mrs Brugirard explained that in France, at present, the actuarial profession is not recognised. However, that is changing, and for the first time earlier this year the word 'actuaire' was used in the legal sense in a new piece of local regulation. Her hope is that the French actuarial profession will receive a significant boost from the Single Market.

For Spain, Mrs Suárez-Llanos pointed out that most large E.C. insurers are already in the Spanish market. She felt that the domestic Spanish insurers are unlikely to expand in the E.C. She believed that the role and responsibilities of Spanish actuaries will increase as a result of the Single Market.

Due to time pressures, there was no opportunity for a more general discussion with the panel members.

The second session, entitled 'Professional Issues in the New Europe', covered professional codes of conduct and guidance notes.

Mr Klaus Heubeck introduced the session by stressing the need for guidance notes and professional codes of conduct to be introduced throughout the E.C., and went on to explain that the Groupe Consultatif had been working on these matters for the past 2 years.

Mr Willem Meijer explained that the Groupe was proposing that there should be an E.C. wide professional code of conduct supported by guidance notes. A draft professional code had been prepared and sent out to the member associations. Some suggested amendments had been received, and he hoped that it would be possible for the document to be agreed at the forthcoming Florence meeting in November 1992.

Mr Terry Clarke went on to comment on the question of guidance notes. The hope was that local guidance notes could include a minimum number of guidance notes common to all E.C. countries. Four general points for inclusion in common guidance notes for life and non-life insurance were suggested:

- the reporting actuary should have, or have recourse to, knowledge of the subject,
- the report should make clear to whom it is directed; the actuary signing it is to give his name and qualifications,
- the data and methodology used should be described, and
- all assumptions should be stated, and the effect of variations in key assumptions should be quantified.

Mr Clarke went on to say that he had not yet obtained the views of all the local actuarial associations on these proposals.

The final session related to the question of education of actuaries in Europe. Mr Bruce Maxwell reported on the recent workshop that had been held by the Society of Actuaries in Ireland on behalf of the Groupe Consultatif. The aim of the workshop was to identify the fundamentals of actuarial training, and to consider how it might need to be adapted to face the changing circumstances of the profession across the E.C. The workshop had concluded that a number of working parties should be established to review the existing curricula in certain subjects in the different educational systems in the E.C., to see if a syllabus could be developed for a commonly recognised actuarial qualification in Europe.

The meeting was brought to a close by Professor Angela, who re-emphasised that the current process of change would bring fresh challenges and increased professional responsibilities for Europe's actuaries.

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