

COMMITTEE ON INSURANCE REGULATION
ACTIVITY REPORT MARCH 2002 – SEPTEMBER 2002

Liaison with International Association of Insurance Supervisors (IAIS)

In April 2002, Ibrahim Muhanna attended the IAIS committee meetings in Amman, Jordan. Following the meetings, he provided a brief report of the discussions to the leadership of the Committee on Insurance Regulation.

Peter Boller represented the Committee on Insurance Regulation at the meetings of the IAIS Task Force on Enhanced Disclosure and the Subcommittee on Reinsurance on May 29 and 30 in Copenhagen, Denmark. Peter's presentation is available on the IAA Web site www.actuaries.org under the Documents button by selecting Reports and scrolling down to Presentations.

Paul McCrossan attended the meeting of the IAIS Accounting Subcommittee on September 26, 2002 in New York, USA.

The chairperson of the committee (Nigel Masters) is planning to attend, along with the IAA President (Edward J. Levay), the Ninth IAIS Annual Conference in Santiago, Chile October 9-11, 2002. Other IAA delegates will also be in attendance. Nigel Masters will also be chairing a session on Market Conduct.

Nigel Masters participates in the weekly conference calls for IAIS Observers.

Peter Boller will be attending the meeting of the IAIS Subcommittee on Reinsurance November 12, 2002 in Elsinore, Denmark. The main topic for discussion will be the Standards on Supervision of Reinsurers.

Papers by the Committee on Insurance Regulation

- The Function of the Actuary in the Prudential Supervision of Insurance Companies: At its meeting in Cancun, the committee considered the comments from member organizations to the November 2001 paper "The Role of the Actuary in the Prudential Supervision". It was agreed to rewrite the paper to take into account as many concerns as possible. On July 29, the new paper, "The Function of the Actuary in the Prudential Supervision of Insurance Companies", was sent to member organizations for a vote ending September 26.
- Report of the Solvency Working Party: The report was adopted by member organizations on April 21, 2002 and subsequently posted to the web site, along with the addition of an introduction.
- Report of the Working Party on Risk-Based Capital: This report is at the draft stage within the Working Party and should be available in October 2002.

Submissions

IAIS Glossary

Dave Hartman is working on a response to the IAIS which will include some recommendations for the definition of the word "actuary".

Quantifying and Assessing Insurance Liabilities

The committee has drafted a response to the IAIS which has been sent to the member organizations for a vote with a deadline of December 14.

Control Capital Levels and Stress Testing

Nigel Masters is drafting a response for consideration by the committee and which will be sent to member organizations for a vote in early October.

IAIS document on “The Use of Actuaries as Part of a Supervisory Model”

On April 12, the IAA sent informal comments on an advance copy of the paper “The Use of Actuaries as Part of a Supervisory Model”. On May 3, the IAIS issued an official request for comments on its revised paper. The committee has prepared a draft response which will be sent to member organizations in late September for a vote.

Credit Risk Transfers

The committee leadership reviewed this document from the IAIS and concluded that there was not much of a role for actuaries in this area.

IAIS Consultation Process – A Discussion Paper from the Working Group of the Executive Committee

Response sent to the IAIS on June 3 and to member organizations on June 4. Given the nature of the document, there was no call for vote.

IAIS Draft Principles on Minimum Requirements for Supervision of Reinsurers

The draft response was sent to the IAIS on May 9 and posted to the IAA web site for a vote by member organizations with a deadline of August 7. In view of the comments received, the committee is working on a revised response which will be discussed at its meeting in Barcelona.

IAIS document “Revision of the Insurance Core Principles”

The IAA response was sent to the IAIS on May 23 and to member organizations on June 4. Given the nature of the document, there was no call for vote.

Joint Forum – Cross Sectoral Reports

Final response sent to Joint Forum on July 25 and posted to IAA Web site.

Committee Matters

The committee is working on the elaboration of a two-year work plan.

Nigel Masters, Chairperson
September 2002