

## **NATIONAL REPORT**

**for**

### **ISLE OF MAN**

#### **1 THE ACTUARIAL PROFESSION**

At present, there are twenty actuaries working on the Island. They are Fellows of the Institute or of the Faculty. These actuaries are employed by assurance companies, with one exception who works for a major consulting firm.

This number represents a considerable growth in recent years and gives the Profession a good representation in an Island with a population of only 70,000. In addition, a considerable amount of work (both for Isle of Man assurance companies and in the consulting field) is done by actuaries working away from the Island and who visit it as required.

The Island is a Centre for the Actuarial Examinations.

The Manx Actuarial Society was set up in 1992. A particularly successful meeting involved a presentation to the local business community of the different types of work done by actuaries.

In addition to the qualified actuaries, the Society has eight student members.

#### **2 SOCIAL SECURITY SYSTEM**

The Isle of Man has its own Social Security system, separate from that applying in the United Kingdom. The major benefits, pensions and so forth, are, however, of the same amount and are paid under the same terms as apply in the United Kingdom. At the same time, there are certain additional benefits which are available only to Isle of Man residents.

The financial position of the Isle of Man Social Security Fund is examined for the Isle of Man Government once every five years by the Government Actuary's Department in London.

### **3 LIFE INSURANCE**

The life insurance requirements of the residents of the Island are met, for the most part, by United Kingdom assurance companies authorised for this purpose by the Isle of Man Insurance Supervisory Authority. In a number of cases, this involves Isle of Man class policies being issued which provide for the premiums and the benefits to be payable on the Island.

There is specific Isle of Man legislation which regulates the setting up of insurance companies based on the Island and checks on their subsequent solvency.

There are a substantial number of assurance companies based on the Island which issue policies to expatriates throughout the world both UK and other nationalities. These companies are the employers of the Isle of Man actuaries referred to in paragraph 1.

### **4 OCCUPATIONAL PENSIONS**

The Isle of Man has its own legislation (passed by Tynwald, the local Parliament) for the approval and supervision of Company pension schemes and for the issuing of personal pensions.

*For company pension schemes the structure of approval and the scale of benefits which can be provided are similar, but not identical to the position applying in the United Kingdom. The approval and supervision of the schemes is a task of the Assessor of Income Tax, a senior officer in the Manx Civil Service.*

Considerable attention is being given at the moment to the system of supervision which should apply to Isle of Man schemes. It is intended that this should take due account of the scale and type of schemes commonly found on the Island. In particular, the growing international connections of the Island need to be borne in mind. The outcome of these deliberations could well be an increasing divergence as between Isle of Man and United Kingdom practice. Certainly the days have passed when Isle of Man pensions legislation automatically followed that of the United Kingdom.

It will be necessary for the authorities on the Island to decide, in due course, which of the changes arising from the (United Kingdom) Goode Committee on Pension Law Reform should be adopted on the Island.

There is a State Earnings-Related Pension Scheme (SERPS) on the Island and this is identical to that in force in the United Kingdom. In suitable cases, it is possible for employees to contract-out of SERPS. The supervision in this field which, in the United Kingdom, is carried out by the Occupational Pensions Board is done by the Department of Health and Social Security of the Isle of Man Government.

Isle of Man class personal pension policies are issued by a small number of assurance companies and this facility in the self-invested form is also available from one Isle of Man based Bank.

An investigation is now in hand as to the possibility of legislation being introduced which will enable the Island to be an attractive and secure location for pension schemes to be run by international companies.

## **5 CAPTIVE INSURANCE COMPANIES**

The Isle of Man is an important location for a number of companies whose major role is to manage captive insurance companies. The number of such captives run from the Island has grown considerably in recent years. For the most part, the risks involved are in the field of non-life assurance. There is the need for actuarial input both for the initial financial studies on the setting up of the captive and at the subsequent reviews as to its progress. There is also scope for advice to be given on investment strategy.

The supervision of these captives is also in the hands of the Insurance Supervisor, referred to earlier. He obtains actuarial advice, as required, from a firm of consulting actuaries.

## **6 OTHER ACTUARIAL WORK**

The Profession is involved from time to time in other types of actuarial work, for example, claims for damages, loss of pension rights and the transfer of pension rights, particularly from the United Kingdom to the Island.