1. Professionalism Issues

We are currently reviewing the examining the Morris Review of the Actuarial Professional. A special committee will be set up to assess any changes we need to implement. The small size of the CAA makes it difficult to move quickly however we anticipate that changes will be in place by the middle of next year. We are also concentrating on the issue of CPD.

2. Education

We have considering the introduction of a country specific fellowship paper to deal with Cyprus related issues.

The Association is particularly worried for the oversupply of actuarial students due to misinformation by the Ministry of Education and other bodies.

3. Social Insurance, Pension and Provident Funds

Social Insurance

The most recent actuarial review of the Social Insurance Fund is now being discussed by the interested parties, namely Ministry of Labour and Social Insurance, and the 4 main federations of workers. Our profession is involved in the process and is playing a significant role in the assessment of the reforms proposed or discussed by the stakeholders. It is certain that reform is underway.

Pension Funds

The issue of pension fund deficits is continuing to find its way to local press. The deficits mostly relate unfortunately to the inability of the sponsors of these plans to meet contribution requirements in accordance with actuarial advice. The profession has been very active in trying to convince these sponsors to take action but the lack of a Pension Fund supervisor is making the professional task very difficult indeed. The profession has been very active (more so than the government and other official bodies) in informing the pension and provident funds regarding the occupational pensions directive 2003/41/EU as many of the problems that pension funds (and provident funds) are facing will be dealt with in due time.

More recently we have seen also a wave of scandals relating to the loss of pension fund assets due to mismanagement. The problem however seems to be limited to 2-3 pension funds.

Provident Funds

Some of the provident funds in Cyprus are facing a number of challenges. The unwise investment choices of several provident funds before the Cyprus SE crash caused severe losses to members and in several occasions to employers who violated
provident fund constitutions and invested in the SE without prior approval by the provident fund AGM. The profession was called in unfortunately after the mistakes were made and then only to appear as expert witnesses in court cases. The profession is looking forward to the implementation of EU directive 41 even though some stakeholders are resisting implementation for provident funds.

4. Life and Non-Life Assurance

The profession was instrumental in the preparation of the new life insurance law and the introduction of a dual actuarial system, i.e. the internal and the external actuary. The profession is trying to amend the law so that general insurance companies are obliged to make use of actuarial expertise as well. Most insurance failures in Cyprus came from the general insurance sector. More information on insurance is provided in the Environment Sector given below.

5. European Union

The Cyprus Association of Actuaries is looking forward to welcoming the Groupe Consultatif to Cyprus when it hosts the 28th Annual Meeting in Nicosia on 20-21 October 2005. We expect about 90 actuaries (and spouses) from all over Europe.

6. Administration and Management of the CAA

The CAA as of February of this year has appointed an Administrator. Due to our limited funds the job was allocated to one of our Fellows who was willing to take over the job without pay and to help the council and in particular the President. Mrs Renee Luciani is our Administrator.

In addition to the above the Council decided to meet at least once month.

7. Our new website

We are pleased to inform you that we have re-launched our website www.cyprusactuaries.org. Please find below some of the info provided in the website.

Background

Started from a group of young actuaries educated in UK and US, the Cyprus Association of Actuaries (CAA) was organized in 1991 and formally established in 1993. For Cyprus, the third largest island in the Mediterranean at 9250m2, the actuarial profession, practically speaking, did not exist. None of the local insurance companies had an internal actuary, and insurance companies and pension funds mainly contracted any actuarial related work to UK-based consulting firms.

The partners and staff of Muhanna & Co, a local actuarial services company provided both the impetus and manpower in creating the association. They were eager to have a forum to continue education, discuss local legislation and regulations, and establish a professional code of conduct. In this way, recognition for the profession and for the skills of an individual actuary would be gained.

Once preparations began, the association received vital support from other sources. The Government Actuary's Department of the UK and in particular the Government Actuary generously offered his valuable time and advice in all aspects of formation. In addition, Cypriot professionals with extensive insurance and/or actuarial qualifications were eager to assist and join the new association. Also, external professional actuaries, mostly from the UK
who were familiar with the Cyprus market, were delighted to help further the actuarial profession.

On the 25th of October 1991, the Chartering Meeting was held to celebrate the formation of the CAA and for each of the founding members to sign the First Charter document. In due course, the association became one of the founders of the International Forum of Actuarial Associations (IFAA) in 1995 which was reverted back as International Actuarial Association (IAA) of which CAA became a full member in 1998, and an associate member of Groupe Consultatif Actuarial Européen (GC) in 1999 and now eventually with Cyprus formally becoming an EU state member in May 2004, a full member of this body.

Environment

The actuarial profession in Cyprus has reached its highest point as yet. All of the major life insurance companies have at least one full-time internal actuary on staff, and most of the pension funds maintain local actuarial services. While still few in number, from a country of 760,000 inhabitants, local CAA members are extremely active in national as well as international activities. Through their employers or the association, CAA members have organized conferences and presented papers on the role of the actuary and actuarial methodologies. On the international stage, many participate in conferences and are committee members for international organizations such as the Groupe Consultatif.

Cyprus Association of Actuaries' involvement in the international scene was further enhanced by the appointment to host the IFAA Executive Council meeting held in January 1998 receiving 35 actuaries from 30 countries including Japan, Australia, and North America, as well as its selection to host the Groupe Consultatif's Annual General Meeting in 2005.

While the CAA and its members are recognized and respected in both the private and public sectors, the need for the establishment of the legal framework within which the profession can operate is still to be set. Advancement has been made now that the concept of an internal actuary and periodic pensions valuations have been accepted, and the association is now consulted by the government and/or regulatory bodies and other organizations on a formal and regular basis. Nevertheless, the CAA continues to work with the government in defining the association's statutory role in both insurance supervision and occupational pension schemes.

The implementation process of the new Cyprus insurance law, which incorporates the related European Union directives, triggered more formal involvement of the CAA. Since 1998 the association reviewed and made recommendations concerning special issues within the new law upon request of the Cyprus government. Special committees within the CAA were established to examine the regulations regarding solvency margins, annual returns, valuation reports, information to policyholders, approved assets and admissibility rules, and definition of the Appointed and Internal Actuary. Most notably, the new legislation states the qualifications and role of the Appointed and Internal actuary, however does not enforce any regarding pension or non-life actuaries. In fact, to become an Appointed Actuary special approval from the government supervisor is required with a prerequisite that the applicant has attained Fellowship of a full member association of the GC or IAA. The new insurance law came into effect on the 1st of January 2003.

Structure

The CAA (as at May 2005) has thirty three (33) regular members, with Fellows twenty one (21) Fellows, twelve (12) Associates and five (5) Student members.
The Executive Council consisting of seven elected members guides the CAA: President, Vice-President, Secretary, Treasurer and three Advisors. Three permanent committees of Education, New Members and Accreditation and Public Relations each have 2 to 3 members whereby the Executive Council appoints the committee members. In addition, the association is able to create ad hoc committees for special issues or investigations.

The Charter and Bye-laws were carefully drafted and revised to conform to international standards and our formalized code of conduct and disciplinary procedures were reviewed by IOA and approved by GC. Also, the IOA Guidance Notes have been adopted with some minor modifications.

Regular meetings of the Executive Council take place every 45 days, besides extracurricular activities such as sport events, dinners & lunches, and special seminar discussions that are open to all members. Elections are held every two years for all positions, and the AGM is held in the first quarter of each year.

There are also special categories of Affiliate and Honorary members. Affiliates are defined as those entities or person(s) that aid the association financially. Honorary members are appointed by the Executive committee. Affiliate and Honorary members do not pay regular fees or subscriptions and do not have the right to vote unless they are also regular Fellow members.