This Annual Report covers the period from September 1997 to August 1998.

© International Association of Insurance Supervisors (IAIS), September 1998

International Association of Insurance Supervisors
c/o Bank for International Settlements
CH-4002 Basle Switzerland
Telephone: 41 61 225 7300
Fax: 41 61 280 9151

All rights reserved. Brief excerpts may be reproduced or translated provided the source is stated.
INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

Contributing to world-wide financial stability

The member insurance supervisors of the IAIS, drawn from over 80 jurisdictions, resolve:

to co-operate together to ensure improved supervision of the insurance industry on the domestic as well as on an international level in order to maintain efficient, fair, safe and stable insurance markets for the benefit and protection of policyholders;

to unite their efforts to develop practical standards for supervision of insurance that members may choose to apply;

to liaise or co-operate with other relevant international entities;

to provide mutual assistance to safeguard the integrity of markets;

and to exchange information on their respective experiences in order to promote the development of domestic insurance markets.

~ Taken from the Preamble of IAIS By-laws ~
# Table of Contents

**FOREWORD** .................................................................................................................. 1  
**CHAIRMAN’S REPORT** .................................................................................................. 3  
**1997 EXECUTIVE COMMITTEE MEMBERS** .................................................................. 9  
**IAIS ORGANIZATION CHART** ....................................................................................... 13  

**REPORTS OF COMMITTEES** .......................................................................................... 15  
  **THE EXECUTIVE COMMITTEE** ................................................................................... 17  
  **THE TECHNICAL COMMITTEE** ................................................................................. 19  
  **THE EMERGING MARKET ISSUES COMMITTEE** ....................................................... 22  
  **THE BUDGET COMMITTEE** ...................................................................................... 24  
  **THE FINANCIAL CONGLOMERATES SUBCOMMITTEE** ............................................. 25  
  **THE INSURANCE LAWS, REGULATIONS, PRACTICES AND STANDARDS SUBCOMMITTEE** ........................................................................................................... 26  
  **THE EXCHANGE OF INFORMATION SUBCOMMITTEE** .......................................... 27  
  **THE INSURANCE FRAUD SUBCOMMITTEE** ............................................................. 28  
  **THE SUBCOMMITTEE ON SOLVENCY AND ACTUARIAL ISSUES** ......................... 30  
  **THE DERIVATIVES SUBCOMMITTEE** ...................................................................... 32  
  **THE ACCOUNTING SUBCOMMITTEE** ...................................................................... 33  
  **THE EDUCATION SUBCOMMITTEE** ....................................................................... 34  
  **THE WORKING GROUP ON REINSURANCE** ............................................................. 36  
  **THE WORKING GROUP ON ELECTRONIC COMMERCE INTERNET** ..................... 37  
  **REPORT OF THE SECRETARIAT** .............................................................................. 38  

**FINANCIAL STATEMENT & INDEPENDENT AUDITOR’S REPORT** .................................. 41  

**APPENDICES** ................................................................................................................. 49  
  **APPENDIX 1: LIST OF MEMBERS** .......................................................................... 51  
  **APPENDIX 2: 1997 MEMBERSHIP OF COMMITTEES** ........................................... 63  
  **APPENDIX 3: LIST OF PAPERS PRESENTED AT THE FOURTH ANNUAL CONFERENCE** ................................................................................................................. 67  
  **APPENDIX 4: PRESS COMMUNIQUÉS** ..................................................................... 69  
    **Fourth Annual Conference** ................................................................................. 69  
    **Joint Forum on Financial Conglomerates** .......................................................... 74  
    **Global Round Table on the Year 2000** .............................................................. 75  
    **Joint Year 2000 Council** .................................................................................... 77  
    **Joint Year 2000 Council** .................................................................................... 81  
    **Federal Reserve Governor Roger W. Ferguson, Jr. to chair Joint Year 2000 Council** ...................................................................................................................... 83
Foreword

Established in 1994, the International Association of Insurance Supervisors (IAIS) represents the insurance supervisory authorities of some 80 jurisdictions. It was formed to promote cooperation between insurance regulators and also with regulators of the other financial sectors around the world. It seeks to help establish and maintain fair and efficient insurance markets for the benefit and protection of policyholders. The IAIS is charged with developing international principles and standards on insurance supervision and with implementing training seminars for insurance supervisors from emerging markets.

The Association is led by an Executive Committee, with a membership ranging from 9 to 15 members representing different regions of the globe. The Association is supported by a Secretariat located at the Bank for International Settlements in Basle.

The IAIS supports a number of committees, subcommittees and working groups (see organization chart on page 5). Thanks to their work, the IAIS has achieved remarkable results over last few years. At the Fourth Annual Conference in September 1997, the member supervisors approved two standards (Insurance Supervisory Principles and Principles Applicable to the Supervision of International and Insurance Groups and their Cross-Border Establishments) and two guidance papers (Guidance on Insurance Regulation and Supervision for Emerging Market Economies and A Model Memorandum of Understanding).

Three new standards on insurance supervision (Supervisory Standard on Licensing, Standards on On Site Inspections, and Supervisory Standard on Derivatives) will be submitted for approval at the Fifth Annual Conference in Cancún.

Moreover, the IAIS is very active in promoting the implementation of its supervisory standards through training activities. In the past year, the IAIS has been involved with training seminars in several regions for supervisors in emerging markets.

The IAIS also collaborates closely with other international regulatory organizations. In particular, the IAIS has played an important role as a constitutional body in the activities of the Joint Forum on Financial Conglomerates and Joint Year 2000 Council.

Each year the IAIS hosts an annual conference to encourage bilateral and multilateral discussions on topics of interest to insurance supervisors. The Fourth Annual Conference was held in Sydney, and the Fifth Annual Conference will be held in Cancún this fall.
Chairman's Report
The past year has been a busy one for the IAIS, as we continued to grow and develop as an organization. As a result of the many papers we issued and the training opportunities we facilitated, the IAIS has established a reputation as a key player in contributing to the stability in the financial sector.

In November, I was invited to speak to representatives of the G-7 group of major industrial countries in Washington about the accomplishments of the IAIS and its work plans for the coming year. I prefaced my remarks by pointing out that the IAIS is a young organization and lacks a well developed infrastructure. Despite this, we had already produced some useful documents for insurance regulators and had set an ambitious work plan for the future.

Our progress in making that plan a reality has been remarkable. These accomplishments will be discussed in more detail elsewhere in the Annual Report, but let me review the highlights.

The 1997-1998 Work Plan

The IAIS identified a number of priorities for 1997-1998; let me measure our progress against them:

- provision of two regional training sessions for insurance supervisors

  The IAIS sponsored or co-sponsored five training sessions: in Mexico, the Caribbean, Zimbabwe, Poland and South Africa. In addition, analysis of a questionnaire on training needs will allow better targeting of training sessions in the future.

- development of a self-assessment programme against the Insurance Supervisory Principles and compilation of the results

  A self-assessment programme was circulated to members in February. While completion is voluntary, its purpose is to give members the opportunity to assess the framework of regulation and supervision in their jurisdiction against the Insurance Supervisory Principles and identify areas that need strengthening. The results of the self-assessment programme may also be used to direct further work of the IAIS.

- development of drafting instructions to standardise the presentation of IAIS documents

  Drafting instructions were prepared in October and have been used by the committees and subcommittees throughout the year.

- clarification of the distinction between a "direct writer" insurance company and a reinsurance company

  The Technical Committee established a working group to deal with this issue. It has held one meeting and has prepared an outline for the project.

- provision of guidance on the supervision of market conduct

  An issues paper has been prepared on the supervision of market conduct and circulated to members. The membership will decide at Cancún whether to develop the paper into a standard as part of next year's work plan.
- development of standards on:
  - derivatives,
  - licensing, including fit and proper tests, and
  - on-site inspection

These standards will be submitted to the membership for adoption at Cancún.

- commencement of work on solvency standards

The first draft of a paper on solvency and solvency assessment was distributed to the members of the Technical Committee in January. This paper frames the debate on how to proceed with such a large body of work. A subcommittee has been established and it will develop a work plan with specific deliverables. This subcommittee will work closely with the Investment Subcommittee and the Accounting Subcommittee.

- release of a bulletin on Year 2000 risk

In November 1997 I joined with the Chairmen of the Technical Committee in issuing a Statement on Year 2000. The statement points out the problems the date change raises for the insurance industry and urges members to ensure that companies in their jurisdiction take the necessary measures to become Year 2000 compliant.

The Road Ahead

With the commitment and involvement of its members, the IAIS will continue to grow and evolve as the international body charged with setting insurance regulatory standards. To do this, however, we need a solid infrastructure and a strong support network. We have already made significant progress. The IAIS is sound financially, and many members have volunteered to work on committees and develop papers. This commitment is essential if we are to complete the standards papers now in progress and to continue offering high quality training programmes.

Let me give one example of the important and challenging work that our members are involved in. Currently, it is difficult to compare the financial condition of insurance companies in different countries due to the lack of internationally accepted accounting or actuarial standards. These standards are key ingredients in the establishment of solvency and capital measures. With this in mind, we have established links with the International Accounting Standards Committee and the International Actuarial Association and we support their work in developing standards for insurance companies.

Closing Remarks

I have enjoyed the challenge of being the Chairman of the Executive Committee over the past year. My predecessor, Australia's George Pooley, worked very hard on behalf of all of us to create the IAIS and it was an honour for me to take over the important work he had started. I have been reassured and grateful for the support and dedication of so many members throughout my term. I now move on to become the first Past Chairman of the IAIS and I look forward to the new challenges that this role will bring.
Special thanks is due to the staff of the NAIC who acted as Secretariat and provided a wide range of support to the IAIS over the past several years. We could not have got this far without their help. I am pleased to say that our own Secretariat is now operational. Knut Hohlfeld assumed responsibilities of Secretary General in January and has put the infrastructure in place to support future work of the committees. He has been ably supported by his assistant Cecilia Müller Chen, and Deputy Secretary General Yoshihiro Kawai who joined the Secretariat in June.

I would also like to express my appreciation to Juan Ignacio Gil Antón for hosting the Fifth Annual Conference in Cancún. I hope to see you there.

John R. Thompson
Chairman of the Executive Committee
1997 Executive Committee Members
Mr. John R. Thompson, Chair
Deputy Superintendent
Office of the Superintendent of Financial Institutions Canada
Kent Square
255 Albert Street, 16th Floor
Ottawa, Ontario K1A 0H2 Canada
Tel: 1 613 990 8010
Fax: 1 613 993 6782
E-mail: jthomps@osfi-bsif.gc.ca

Mr. Eigil Mølgaard
Deputy Secretary
The Danish Ministry of Economic Affairs
Ved Stranden 8
DK-1061 Copenhagen K Denmark
Tel: 45 33 92 4182
Fax: 45 33 92 4730
Email: emg@oem.dk

Mr. Hanley C. Clark, Vice Chair
Insurance Commissioner
State of West Virginia, Office of Insurance Commissioner
P.O. Box 50540
Charleston, West Virginia
25305-0540 USA
Tel: 1 304 558 3354
Fax: 1 304 558 0412
E-mail: hclarkhc@wvnvm.wvnet.edu

Mme. Stéphane Pallez until 5/98
M. Bruno Bézard from 5/98
Sous-Directeur des Assurances, Direction du Trésor
Ministère de l'Economie, des Finances et de l'Industrie
139, rue de Bercy
F-75012 Paris France
Tel: 33 1 44 87 74 90
Fax: 33 1 40 04 28 65
E-mail:bruno.bezard@dt.finances.gouv.fr

Mr. Richard J. Smith
Chief Manager, General Insurance Australian Prudential Regulation Authority
243-251 Northbourne Avenue
Lyneham ACT 2602
GPO Box 9826
Canberra ACT 2601 Australia
Tel: 612 6213 5010
Fax: 612 6213 5430
Email: richard.smith@apra.gov.au

Mr. Steve Butterworth
Director of Insurance
Guernsey Financial Services Commission
Valley House, Hirzel Street
St. Peter Port
GY1 2NP (Via UK) Guernsey
Tel: 44 1481 712 801
Fax: 44 1481 712 010
E-mail: swbutterworth@gfsc.guernsey.net

Ms. Mónica Cáceres Ubilla
Intendente de Seguros
Superintendencia de Valores y Seguros
Teatinos 120, Piso 6
Santiago Chile
Tel: 56 2 549 5904
Fax: 562 549 5937/562 549 5965
E-mail: svalseg@ibm.net

Lic. Juan Ignacio Gil Antón
President
Comisión Nacional de Seguros y Fianzas
Av. Insurgentes Sur No. 1971
Torre Norte 2 Piso
Col. Guadalupe Inn
Mexico 01020 D.F. Mexico
Tel: 52 5 724 7496
Fax: 52 5 661 5301
Ms. Danuta Walcerz  
President  
State Office for Insurance Supervision  
pl. Dabrowskiego 1  
00-057 Warsaw  Poland  
Tel: 48 22 826 5308  
Fax: 48 22 826 5302

Mrs. Lim Shu Chiau  
Executive Director  
Monetary Authority of Singapore  
10 Shenton Way  
M.A.S. Building  
079117 Singapore  
Tel: 65 229 9420  
Fax: 65 229 9694  
E-mail: selim@mas.gov.sg

Mr. André Swanepoel  
Deputy Executive Officer  
Financial Services Board  
446 Rigel Avenue South  
Erasmusrand  
Pretoria 0181  South Africa  
Tel: 27 12 428 8051  
Fax: 27 12 347 87 85  
E-mail: andres@fsb.co.za

Mr. Jarl Symreng  
Head of Insurance Department  
Finansinspektionen  
Regeringsgatan 48  
P.O. Box 7831  
S-103 98 Stockholm  Sweden  
Tel: 46 8 787 8043  
Fax: 46 8 24 13 35  
E-mail: jarl_symreng@fi.se
Reports of Committees
The Executive Committee
(Chair: John Thompson, Canada)

The Executive Committee held formal meetings in Johannesburg (January) and in Basle (May), and teleconferences as needed (in particular, to discuss issues related to the establishment of the Secretariat).

Subcommittees of the Executive Committee made recommendations to the Executive Committee on a number of key issues, including:

- the selection of a candidate for Deputy Secretary General;
- amendments to the by-laws on the use of the term "country";
- the regional composition of the Executive Committee; and
- the translation of papers.

Year 2000

In November 1997 the Chairmen of the Executive Committee and the Technical Committee issued a Statement on Year 2000. The statement alerted IAIS members to potential problems that could arise as a result of the date change and highlighted issues that are unique to the insurance industry.

Because of the seriousness and urgency of this issue, the IAIS also joined with the Basle Committee on Banking Supervision (Basle Committee), the International Organization of Securities Commissions (IOSCO) and the Committee on Payment and Settlement Systems (CPSS) in preparing a press release urging that the financial services industry take immediate action to mitigate the possible effects of computer problems triggered by the Year 2000. Also the IAIS collaborated with these regulatory bodies and the CPSS in arranging the Year 2000 Round Table in Basle (April). The Chairman participated on the opening panel where the respective bodies discussed their initiatives and concerns. Following the Round Table, the IAIS nominated three members to take part in the Joint Year 2000 Council.

International Standard Setting Bodies

A first step in the creation of consistent standards for the supervision of insurance companies is to establish common accounting and actuarial standards. With this objective in mind, the Chairman met with the International Accounting Standards Committee (IASC) and the International Actuarial Association (IAA). The IASC has begun work on establishing insurance accounting policies and a member of the Technical Committee has been identified to support their work. The IAA has indicated that they are interested in working with the IAIS in the future and we are in the early stages of building that relationship.

Co-ordination with Other International Regulatory Bodies

In November, the Chairman of the Executive Committee spoke at IOSCO’s Annual Conference in Taipei. He has been invited to address their Annual Conference again this September in
Nairobi. These meetings provide an opportunity to develop closer links with the other international regulatory bodies.

The Chairmen of the IAIS, IOSCO and the Basle Committee met in Taipei (November) and Amsterdam (April) to discuss issues of common concern, including the work program of the Joint Forum on Financial Conglomerates. The IAIS is represented at these meetings by the Secretary General, the Chairman of the Technical Committee and the Chairman of the Executive Committee. It was decided to continue the work of the Joint Forum under a new chairman as there are still many issues to address.

Increasingly, the finance ministers of the G-7 group of major industrial countries are becoming interested in the work of international regulatory bodies. In November the Chairmen of the Basle Committee, IAIS and IOSCO met with G-7 officials in Washington to report on the work of their organizations. In March the Chairman of the IAIS submitted a formal report to the G-7 ministers in preparation for their summit in Birmingham outlining the contribution of the IAIS in promoting financial stability worldwide.

By-laws

The IAIS by-laws have been reviewed and proposed amendments will be presented to the IAIS membership at Cancún. The changes deal with the reference in the current by-laws to the term "country". It has been noted that some of our members represent autonomous insurance regulatory authorities that do not correspond to sovereign countries. The proposal is intended to clarify the intent of the by-laws.

Conference Planning

The Comision Nacional de Seguros y Fianzas in Mexico has accepted the task of organizing the Fifth Annual Conference of the IAIS in Cancún. Plans and budgets were discussed at each meeting of the Executive Committee. The efforts of the Comision on this project are greatly appreciated.

A Word of Thanks

At the Annual Meeting in Paris two years ago, the IAIS voted to expand its mandate to include standard-setting. Over the past two years the Executive Committee has worked diligently to ensure that this expanded mandate was effectively implemented. Thanks to these efforts, the IAIS has attained success and gained credibility, not only within the insurance supervisory community, but also among other standard setting-bodies and bodies that promote stability in the financial markets.

The terms for many of the members of the Executive Committee are completed as of the Annual Conference in Cancún. I would like to thank each member of the Executive Committee for his/her hard work and support of the objectives of the IAIS.

John R. Thompson
The Technical Committee
(Chair: Jarl Symreng, Sweden)

The Technical Committee began developing standards and principles after the Third Annual Conference in Paris, when the objectives of the organization were broadened by a change in the By-laws to include, *inter alia*, the developing and setting of standards. Work has so far resulted in two principle papers, *Insurance Supervisory Principles and Principles Applicable to the Supervision of International Insurers and Insurance Groups and their Cross-Border Establishments*, which were approved at the Sydney conference. Both documents are referred to as level-one papers, which means that they define in general terms the matters to be covered by national standards. The focus is more on the *need* for regulation in particular areas, than on the *nature* of that regulation.

At the Sydney conference, Jarl Symreng, Head of the Insurance Department at the Finansinspektionen in Sweden, was elected the new chairman of the Technical Committee. The committee decided to make a flying start, launching several new projects and establishing some new subcommittees and working groups. Under the new chairman, the committee has convened in Johannesburg (January) and in Basle (May).

The objective of the committee is to establish regulatory standards on two levels. This will allow many jurisdictions to achieve standards early in the process. The level-one papers adopted in Sydney provide the framework for the immediate development of more detailed and prescriptive international standards. Some of the projects therefore concern level-two papers, as described below.

**Supervisory Standard on Licensing**

It is generally recognised that licensing plays a significant role in ensuring the efficiency and stability of the insurance market. Strict conditions governing the formal approval of insurance companies are necessary to protect policyholders and to foster fair competition in the marketplace. The development of a standard on this issue is thus of great importance. The working group is chaired by Dr. Helmut Müller, President of the Bundesaufsichtsamt für das Versicherungswesen, in Germany.

**Standard on On-Site Inspections**

On-site inspection is also a vital part of the supervisory process. It captures the data and information needed to assess a company's current and prospective solvency, and to analyze its evolution. It is also a means of obtaining information and detecting problems that are not readily at hand in the on-going inspection process. The working group has been chaired by Mme. Stéphane Pallez, Sous-directeur des Assurances at the Ministère de l'Economie et des Finances in France.
Supervisory Standard on Derivatives

The subcommittee, chaired by Mr. Michael Hale, Director General at the Office of the Superintendent of Financial Institutions in Canada, has produced a paper which provides guidance to supervisors on how to monitor the risk management controls of insurance companies dealing in derivatives. The standard sets out controls to be expected, and a reporting framework applicable across the full range of potential activities.

After a consultation process amongst the IAIS members the above mentioned draft standards are tabled for adoption at Cancún.

Other projects do not immediately concern second-level standards but will result in what could be referred to as issues papers. The aim here is to identify problem areas and potential solutions. Some of the papers may lead to the development of second-level standards.

Solvency and Solvency Assessment

The implementation of solvency requirements as well as methods for prudent assessment of solvency are important instruments or measures in maintaining a satisfactory supervisory framework. A first version of solvency standards covering both technical provisions and solvency margin (capital adequacy) as well as a classification of the various risks to which an insurance company is exposed was presented to the Technical Committee in Johannesburg. The subcommittee, chaired by Mr. Per Simonsen, Assistant Director General at the Kredittilsynet in Norway, will also maintain close contact with the International Actuarial Association (IAA).

Insurance/Reinsurance

The working group, which is chaired by Dr. Arend Vermaat, Insurance Supervisor at the Verzekeringkamer in the Netherlands, has presented a first discussion note on the essential differences between insurance and reinsurance. The aim of this group is to determine if different supervisory approaches are needed.

Exchange of Information

The subcommittee, chaired by Mr. Henrik Bjerre Nielsen of the Finanstilsynet in Denmark, has drafted a Model Memorandum of Understanding. It has been approved by the Technical Committee as a model that all jurisdictions may use. The subcommittee is continuing its work on ways to improve the exchange of information among supervisors.

Insurance Fraud

The subcommittee, chaired by Mr. Steve Butterworth, Superintendent of Insurance, Guernsey Financial Services Commission, deals with the important issue of fraud in the international insurance business.
Market Conduct

A working group has been set up to address market conduct issues in the insurance sector. It is chaired by Mr. Peter Pfund, Director at the Federal Office of Private Insurance in Switzerland.

The adherence to standards and principles will be monitored either through general surveys and mapping exercises or separate self-assessment papers. The task of mapping the legal environment of the members has been taken up by the Insurance Laws, Regulations, Practices and Standards Subcommittee, chaired by Mr. Peter Braumüller, Deputy Head of Division at the Bundesministerium für Finanzen in Austria. This subcommittee has sent out a first draft of the questionnaire to the membership. A separate draft assessment paper has also been prepared so members can assess their compliance with the Insurance Supervisory Principles. The Self Assessment Program on Insurance Supervisory Principles paper has also been distributed.

Investments

With the work of the Derivatives Subcommittee essentially complete, it has been renamed as the Investments committee and given a new mandate to continue looking at risk management, for all types of investments, and not only derivatives. Chaired by Dr. Eleanor Linton of the Treasury Insurance Directorate in the United Kingdom, the committee will look at risk management issues, including investment restrictions such as diversification requirements.

Electronic Commerce (Internet)

A working group has been set up to address the issues surrounding the electronic commerce and identify any supervisory problems. One important item from an insurance perspective is the issue of contract law across jurisdictions. The group is chaired by Mr. Tarmo Pukkila, Director General at the Ministry of Social Affairs and Health in Finland.

Accounting

A subcommittee is working with the International Accounting Standards Committee (IASC) to develop principles for international insurance accounting, and to develop standards that will allow insurance supervisors to assess accounting rules and the work of external auditors. Until last May, the subcommittee was chaired by Mme. Pallez. Since then, it has been headed by Mme Florence Lustman, Commissaire Contrôleur at the Commission de Contrôle des Assurances in France.

The Technical Committee is also mandated to liaise with other international bodies on matters of mutual concern. The contacts established with the IAA and the IASC have already been described. Initiatives have also been taken to establish links with the OECD. As well, an important link with the Basle Committee and the IOSCO has been forged through the Coordination Group, which met in Taipei (November) and Amsterdam (April). The Coordination Group, which consists of the Chairmen of the IAIS, the IOSCO and the Basle Committee together with their respective Secretary Generals, will meet regularly to discuss matters of common interest, such as the work of the Joint Forum.

Jarl Symreng

Reports of Committees
The Emerging Market Issues Committee

(Chair: Juan Ignacio Gil Antón, Mexico)

The goals of the Emerging Market Issues Committee have all been realised this year. The committee, aided by its subcommittees, produced good results in defining its work plan and terms of reference.

Terms of Reference and Work Plan

The committee drafted and approved official terms of reference and a work plan, involving close coordination with its subcommittees.

The terms of reference state the committee and its subcommittees shall:

- encourage emerging markets to establish sound insurance regulatory and supervisory systems;
- prepare guidance, manuals and training programmes for insurance supervisors in emerging markets;
- support emerging markets reinforcing market mechanisms;
- encourage information exchange and technical co-operation among supervisors; and
- collect feedback on training programs and other IAIS assistance.

In taking these objectives into account, the committee will develop:

- training courses or seminars for insurance supervisors in emerging markets;
- concrete guidance on insurance supervision and regulation;
- coordinated technical assistance; and
- exchanges of supervisors between emerging and developed economies.

Regional Training Seminars

The IAIS regional training seminars offer a unique opportunity to support sound insurance markets globally. This is the first year the IAIS has conducted training seminars for insurance supervisors in several emerging market regions. They are described in the Education Subcommittee’s report.

Co-operation with other International Institutions

The Committee has exchanged training information with the International Insurance Foundation, the Organization for Economic Co-operation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD) and the World Bank. These groups have been invited to IAIS regional training seminars. As well, the International Insurance Foundation provided financial support for a regional seminars in Warsaw and Pretoria.
Analysis of Training Programmes for Insurance Supervisors

Thanks to the initiative of the Education Subcommittee, the committee has completed a comprehensive analysis of all types of training programmes for insurance supervisors around the world. The analysis will be distributed at the Cancún conference.

Tasks Ahead

Looking ahead, the Committee will reinforce its training activities. Given the importance of financial stability in Asian countries, the Emerging Markets Issues Committee, in collaboration with the Monetary Authority of Singapore, the OECD, and the International Insurance Foundation, will organize a training seminar for Asian insurance supervisors next February in Singapore.

In addition, regional training seminars are to be held in the Eastern Europe (Poland), the offshore region, Latin America (Argentina) and Africa (South Africa) next year. Starting in 1999, it is envisaged that some Technical Committee meetings be held back-to-back with IAIS regional training seminars to increase the level of participation and contribution by insurance supervisors.

The committee will initiate relationships with the BIS Institution for Financial Stability and the Toronto International Centre for Financial Sector Supervision and continue to develop their ties with the International Insurance Foundation, the OECD, the World Bank and UNCTAD in order to create a synergy in training activities. Comprehensive training manuals will also be prepared under the initiative of the Education Subcommittee.

Juan Ignacio Gil Antón
The Budget Committee
(Chair: Peter Pfund, Switzerland)

The Committee met at the Fourth Annual Conference in Sydney to discuss the 1998 budget. For the first time, the Committee obtained enough data to estimate the budget for that year since the salary and the relocation costs of the Secretary General could be predicted. The 1998 budget, which was proposed and approved by the membership at Sydney included an increase in the membership contribution to US$3,000. It was intended to maintain this contribution unchanged for 1999 but to increase it afterwards to ensure that the costs of the Secretariat were covered after the financial support of the Swiss government ends.

On the occasion of the committee's May meeting in Basle, it reviewed the accounts for 1997. These showed a high income surplus of about US$525,000, since the posts of Secretary General and Deputy Secretary General had not been filled and since income reflected the contributions of the Swiss government for 1997 and 1998. The Committee also noted that two members had to be delisted because they had not paid their membership contributions for either 1996 or 1997.

On the expenditure side, there continued to be uncertainty, since there was no track record for Secretariat expenditures that would reflect the cost of living in Switzerland. The Committee therefore decided to have the budget revised again by the Secretariat on the basis of actual developments during the first half of 1998. This should provide more accurate estimates for the membership at the Cancún, where approval of the budget will be sought.

A first draft has been prepared for the 1999 budget, along with forecasts for 2000 and 2001. It was decided to propose at Cancún that the membership contribution be raised from $3,000 to $3,500 in 1999.

The Committee set out rules on the investment of IAIS assets, and mandated the Secretariat to examine whether the IAIS could shift its head-office to Switzerland without losing its tax exemption. The Secretariat was also asked to identify internationally recognized auditors, operating in Switzerland, that could examine the accounts in the future.

Finally, the Committee also worked out its mission statement.

It is worth noting that the Committee's relationship with the Secretariat has begun very well and that nothing stands in the way of a formal transfer of the bookkeeping from the NAIC to the Secretariat in Basle. This is a good moment to express unreserved thanks to the NAIC for the excellent accounting it has done on behalf of the IAIS. Without the very generous support of the NAIC, it would be difficult even now for the IAIS to have a precise overview of its finances.

Peter Pfund
The Financial Conglomerates Subcommittee
(Chair: Arend Vermaat, Netherlands)

A number of members of the Financial Conglomerates Subcommittee are also IAIS representatives on the Joint Forum on Financial Conglomerates. They are drawn from Australia, Canada, France, Germany, Japan, the Netherlands, Sweden, the U.K. and U.S.A.

The Joint Forum has 27 members, with 9 from each of the IAIS, IOSCO and the Basle Committee. The chair is Australia's Alan Cameron, succeeding Tom de Swaan from the Netherlands.

In 1997, Arend Vermaat of the Netherlands took over as Chair of the subcommittee from Jarl Symreng of Sweden. The subcommittee had formal meetings in Basle (May), Sydney (September), and Johannesburg (January).

In addition, the IAIS insurance members of the Joint Forum currently organize advance meetings before each session of the Joint Forum. This brought us together twice in Basle (October and April) and once in Washington (January).

The Joint Forum agreed on a set of important papers (Capital Adequacy Principles, Fit and Proper Principles, Framework for Supervisory Information Sharing, Principles for Supervisory Information, and Co-ordination) as well as a Supervisory Questionnaire.

This package has been sent – via the three parent organizations – to large conglomerates, policymakers and supervisors in the three industry sectors worldwide for consultation. The deadline for comments was the end of July. The subcommittee anticipates that the IAIS membership will take a position on these matters at Cancún, so we can have their input for the upcoming Joint Forum meeting this fall. As part of this consultation process, a special working group of the Joint Forum (the Capital Testing Co-ordinating Group) is working on the testing of three suggested capital adequacy methods for financial conglomerates using nine conglomerates as a source of "real-life" data.

Apart from the consultation process, there are the following items to report:
- a co-ordinating committee of the Chairmen and Secretaries General of the parent organizations and the Joint Forum has been formed to meet on a regular basis and keep up to date on the various initiatives of these groups;
- a Study Group on Intra-Group Transactions and Exposures (ITE) and Risk Concentrations is reviewing supervisory objectives and methods and current conglomerate practices for managing these risks; and
- members of the Joint forum have been requested to undertake a self-evaluation based on the principles for Information Exchange developed by the Finance Exports Group for the Birmingham summit.

Arend J. Vermaat
The Insurance Laws, Regulations, Practices and Standards Subcommittee

(Chair: Peter Braumüller, Austria)

The main task of the Committee is to summarize and analyze information on insurance laws, regulations and practices in IAIS member countries as well as on directives, recommendations, model laws and other relevant supranational legislation.

Since the Sydney conference, the Committee has worked to prepare a questionnaire on insurance laws, regulations and practices in IAIS member countries. The first draft (June) was revised and sent to committee members as well as to those IAIS members in the working party preparing standards for Cancún.

The Committee held its fifth meeting in Vienna (November). At this meeting, the revised draft questionnaire was discussed in detail. Several additions and amendments were made following proposals by committee members.

The questionnaire was finalised in January and covers the main areas of legislation dealing with insurance and its supervision. It contains chapters on the organization and tasks of the supervisory authorities, licensing, corporate governance, products and tariffs, auditors, actuaries, shareholders and investors, solvency, accounting, technical provisions, investments, filing requirements, control procedures and examinations, supervisory measures and winding-up procedures. Special attention was paid to those areas under discussion in the Technical Committee and the Emerging Market Issues Committee. The questionnaire was sent to all IAIS members through the Secretariat in February.

At the sixth meeting in Johannesburg (January), the deadline was set to 31 March 1998 for replies to the questionnaire. The chairman also introduced the final version of the questionnaire to the members of the Technical and Emerging Markets Issues Committees.

At the Committee's seventh meeting in Basle (May), the chairman reported that 37 replies to the questionnaire had been received. It was decided to send out a reminder and to set June 9 as the new deadline. The Committee also agreed to produce a draft interim report for Cancún to provide members with a preliminary summary of responses and to encourage laggards to send their replies in time for the final report next year. The Executive Committee agreed that non-members, especially in emerging markets, could participate in the project.

The Committee's eighth meeting is scheduled for Vienna in July. The main issue on the agenda will be the preparation of the draft interim report, based on the 63 replies received. Furthermore, the Committee will have a preliminary discussion on the working plan for 1999, with a focus on the preparation of the final report on insurance laws, regulations and practices.

Peter Braumüller
The Exchange of Information Subcommittee
(Chair: Henrik Bjerre-Nielsen, Denmark)

In 1997, the Exchange of Information Subcommittee met in Sydney prior to the Fourth Annual Conference to finalize a Model Memorandum of Understanding on Mutual Assistance and the Exchange of Information. It includes a standard form for exchange of information and was adopted by the membership at the conference.

Paper and electronic versions of this model MoU is now available from the Secretariat. For its part, the subcommittee would welcome reports on any difficulties members may have in drafting MoUs with other IAIS members or in obtaining supervisory information from other supervisors.

As well, the subcommittee finalised a second questionnaire to establish the extent to which information is being shared, both formally and informally, and to identify ways in which possible improvements could be made. The results of this questionnaire will be available at Cancún.

The subcommittee also studied the databases of IAIS members to identify differences in methodology and if possible, to suggest improvements in the way data on insurers are kept. The study shows that while a number of supervisors maintain databases of information on regulated insurers, the databases differ in both format and type of information collected. The subcommittee finds that at this stage there is no scope for further initiatives on this issue.

In 1998, the subcommittee gave a high priority to analyzing the potential for conflicts between the professional secrecy to which supervisors are bound and the need to exchange information. A questionnaire produced by the G-7 group of major industrial countries was sent to a select group of IAIS members. The replies show that there is still some way to go before all members comply fully with IAIS principles.

Henrik Bjerre-Nielsen.
The Insurance Fraud Subcommittee
(Chair: Mr. Steve Butterworth, Guernsey)

The Insurance Fraud Subcommittee reports to the Technical Committee of IAIS. Three meetings have been held since it was first formed in Paris in 1996. The terms of reference of the subcommittee are as follows:

1. To define the types of fraud affecting or affected by insurers and insurance intermediaries. Three general areas have been identified:
   - Fraud by the insurance company on the policyholder (This has been identified as the issue which the subcommittee should principally address and particularly the question of how supervisors can co-operate together to reduce its incidence);
   - Fraud on the insurer by the consumer; and
   - Money laundering.

2. To liaise with other bodies concerned with insurance fraud with a view to effective co-operation.

3. To investigate and report upon the problems of fraud affecting or affected by insurers, and insurance intermediaries.

4. To suggest solutions to the problems of fraud affecting or affected by insurers and insurance intermediaries to the Executive Committee or to the members as appropriate.

5. If possible, to put into practice the solutions to the problems of fraud affecting or affected by insurers and insurance intermediaries after receiving any relevant approval from the Executive Committee or from the members as appropriate.

*Note: The term insurance includes reinsurance and retrocession business.*

The first two years of operation have focussed on fact-finding and the subcommittee has used this time to contact various like-minded associations and organizations. The subcommittee has also compiled a list of journals which address insurance fraud.

The following problems have been identified in combatting insurance fraud:

1. Insurers, intermediaries and reinsurers who are not supervised. This problem is compounded by gaps in legislation, including the inability to act quickly against fraudsters.

2. The (lack of) education of insurance consumers and the insurance industry.

3. Poor resources, poor enforcement, and lack of fit and proper controls.

4. The inability to identify fraudsters (both by the industry and by insurance supervisors).

5. The lack of co-operation between supervisors.
The subcommittee submitted a paper to the Technical Committee suggesting possible solutions to the above problems. The subcommittee also investigated, by way of a questionnaire, the databases used to investigating suspected fraudsters and companies. We are looking at the availability of these databases to IAIS members.

The Secretary General assisted the subcommittee by sending, for the first time, an enquiry on a suspect insurer from a member jurisdiction to all IAIS members. Unfortunately, no positive responses have been received to date.

The Secretary General has also circulated a questionnaire on the topic of “Fraud on the Industry by Policyholders and other Parties” and the responses to which will be available at the Cancún conference.

Looking to the future, the Chair has a few personal comments:

1. It is hoped that the Technical Committee will adopt the paper suggesting solutions to the problems currently faced, and that every member jurisdiction will institute the relevant changes needed.

2. It is hoped that IAIS will become a major co-ordinating body for international insurance supervisors and consequently the focus for enquiries regarding international insurance fraud. This would include, subject to legal caveats, a protected Internet web site listing suspected individuals and companies, so that information on suspicious operations can be shared.

3. Now that the Committee has substantially finished their work on fraud by insurers, they will concentrate on fraud on the insurer and money laundering.

4. It is hoped that the Committee will meet with all the other organizations looking at insurance fraud and explore areas where co-operation will succeed in fighting fraud.

I hope that we can organize a conference in 1999 to bring together organizations involved in the prevention and/or detection of insurance fraud.

Steve Butterworth
The Subcommittee on Solvency and Actuarial Issues

(Chairman: Per Simonsen, Norway)

This report summarises the activities of the Subcommittee on Solvency and Actuarial Issues since its inception in January 1998.

At the meeting of the Technical Committee in Johannesburg in January 1998 the Chairman presented the first draft of *Supervisory Standards on Solvency and Solvency Assessment*. Several members have contributed valuable comments on that paper, and a summary of the comments, along with a description of issues for further consideration was presented to the Technical Committee in May.

In March, the Chairman of the Executive Committee, contacted Mr. Walter Rugland, the Chairman of the International Forum of Actuarial Associations (IFAA), to establish closer links between the two organizations.

The IFAA decided at its Committee meeting in Coventry (June) to set up an Insurance Regulation Subcommittee authorizing it to:

- liaise with the IAIS on issues relating to the regulation and supervision of insurance companies;
- assist the IAIS and other international bodies in the development of international guidelines or standards on technical reserves, capital adequacy requirements, valuation of assets and liabilities, financial conditions reporting, the role of the actuary, actuarial opinions and actuarial qualification standards,

Mr. Peter Kuys, of the ING Group in the Netherlands, was appointed as Chairman of the new IFAA Subcommittee. The Chairman of the subcommittee and Mr. Bertrand Labilloy are scheduled to meet with Mr. Kuys in August to discuss co-operation between the two groups.

The first meeting of the subcommittee was held in Oslo in June. The subcommittee will propose the following mandate to the Technical Committee for adoption:

*The subcommittee's objectives are to investigate and develop proposals for standards and/or guidelines and present them to the Technical Committee for adoption, in the field of Solvency, Solvency Assessment and other Actuarial Issues.*

To fulfil the proposed mandate, the subcommittee would:

- review all issues related to solvency and solvency assessment of insurance companies;
- review other actuarial issues relevant to insurance supervision;
- co-operate with the Investment Subcommittee and the Accounting Subcommittee; and
- liaise with the Insurance Regulation Subcommittee of the International Actuarial Association (IAA).
The subcommittee is aware that solvency assessment of insurance companies is a multi-faceted problem and that there is a lot of work to be done. As a first step, the subcommittee decided to write an issues paper on this topic and has assigned components of the paper to various members. A draft version should be prepared for discussion at the subcommittee's upcoming meeting next February.

Per Simonsen
The Derivatives Subcommittee
(Chair: Michael Hale, Canada)

During 1997-98 the subcommittee focussed on preparing a supervisory standard on derivatives. It met in October in Canada and prepared an initial draft standard. The standard was based on the work done the previous year in studying and summarizing the rules in place on the use of derivatives, including accounting, disclosure and reporting rules and risk management practices required by supervisors in several jurisdictions.

The standard provides guidance to supervisors in assessing how insurers control risks associated with derivatives. The approach chosen by individual supervisors will depend on the extent to which insurers are permitted to engage in derivatives activities, the supervisor's legal authority, use of on-site and off-site supervisory techniques and the role of the external auditors. The supervisory approach will also be influenced by the extent to which individual insurers use derivatives and the purpose of their use.

The initial draft was circulated to Technical Committee members for comment in November and revised, based on the input received, for the committee meeting in Johannesburg (January). Following that meeting, the draft standard was circulated to the general IAIS membership for comment. Further changes were made in response to the comments received and the final draft was approved at the Technical Committee meeting in May.

The subcommittee expects that the standard will be adopted by IAIS members in Cancún. The standard will then be sent to the Basle Committee on Banking Supervision and to the International Organization of Securities Commissions (IOSCO), in keeping with the subcommittee’s mandate to co-operate with other relevant international entities.

The subcommittee has been asked to reconstitute itself and broaden its mandate to include asset risk management more generally. To this end, it has been renamed the Investments Subcommittee, and it will start work in the fall under the chairmanship of Dr. Eleanor Linton of the Treasury Insurance Directorate in the United Kingdom.

Michael Hale
The Accounting Subcommittee
(Chair: Florence Lustman, France)

The IAIS set up a subcommittee on accounting issues to liaise with the International Accounting Standards Committee (IASC). Since starting work in April, the subcommittee has reviewed the information sent by the IASC, and the Chair of the subcommittee attended the latest IASC Steering Committee as an observer. The subcommittee is currently reviewing the latest draft paper issued by the Steering Committee, in order to define an IAIS position on these accounting issues, and communicate that position to the IASC.

An accounting panel will be held in Cancún in September, with the participation of a representative of the IASC, along with two practitioners drawn from the insurance and auditing professions.

The next meeting of the Steering Committee will be held in Munich in October. At the end of the year, the Steering Committee intends to publish an issues paper to encourage public debate before it prepares a draft Statement of Principles. A period of three to four months is expected for public comment. Prior to publication, the IASC Board will be asked to comment on the Draft Statement of Principles. After publication, there will be a period for public comment, leading to the preparation and approval of a final Statement of Principles. This statement will not be published but the Steering Committee will then prepare an exposure draft based on the Statement of Principles. After approval by the Board, the exposure draft will be issued for public comment. In the light of comments received, the Steering Committee will develop a final International Accounting Standard for approval by the Board.

Florence Lustman
The Education Subcommittee

(Chair: Jean-Louis Bellando, France)

The Education Subcommittee has achieved remarkable results this year, launching five training seminars in collaboration with members and other organizations. As well, it has completed a comprehensive analysis of training programmes for insurance supervisors. In the coming year, the subcommittee will build on this work and offer a new selection of training events.

The subcommittee prepared an analysis of training programmes and technical assistance for insurance supervisors around the world and forwarded it to the Emerging Market Issues Committee in April. The final report will be distributed at Cancún. It seeks to:

(1) identify training needs of insurance supervisors;
(2) create a database of training programmes and technical assistance for insurance supervisors; and
(3) identify resources available for training programmes.

The report includes a comprehensive analysis of responses to the questionnaire on training programmes and technical assistance (prepared mainly by French, Mexican and Polish authorities), As well, Guernsey's Mr. Steve Butterworth, former Chairman of the Education Subcommittee, prepared tables on training requirements and offered to host future programmes.

Finally, I would like to include a few words on the five regional training seminars held over the past year.

Anguilla

A training seminar on monitoring the financial solvency of insurance enterprises was held in Anguilla in October, organized by the IAIS and the Caribbean Association of Insurance Supervisors (CAIR), with the support of the Government of Anguilla and sponsored by the Government of the Luxembourg. The 26 attendees (17 regulators from 11 countries and 9 speakers) participated in an intensive programme, featuring high quality presentations and lively group discussions. Apart from the basic parameters of solvency assessment, the issue that attracted most interest was the establishing and monitoring reserves.

Harare

A training programme for African insurance supervisors was held in Harare in November. Eighteen African countries participated in the programme, which was the third in a five-year series organized by the United Nations Conference on Trade and Development (UNCTAD) in co-operation with the African Insurance Organization. It was supported by the Insurance Commissioner’s Office of Zimbabwe and the IAIS, and sponsored by the Government of Luxembourg. The Conference concentrated on the monitoring of reinsurance operations, reinsurance fundamentals, monitoring of reinsurance sellers, and the importance of regional and international co-operation and exchange of information.
Mexico City

A training course for Latin American insurance supervisors was held in Mexico City in November, covering issues such as preventive surveillance, solvency and financial reinsurance issues. It was organized by the IAIS and the Latin American Insurance Superintendents Association (ASSAL) under the initiative of the Mexican Insurance Supervisory Authority. The 17 participants and 16 speakers were interested in topics such as dynamic solvency margin system, reinsurance regulation and preventive surveillance. This training course was self-funded by a fee of $450 per participant, and future courses are planned on a twice-a-year basis.

Warsaw

The IAIS training seminar for supervisors from Central and Eastern European Countries was held in March in Warsaw, sponsored by the State Insurance Supervisory Office in Poland and the International Insurance Foundation. This was attended by 70 participants from 18 countries. The seminar was devoted to issues regarding the organization of a supervisory authority, licensing, technical provisions, investment, insurance accounting and financial reporting, data and statistics, European integration in the insurance field, reinsurance, treatment of troubled companies, and professional ethics for regulators.

The participants said they appreciated the seminar for the following reasons:

- the subjects covered corresponded to their needs and interests;
- the speeches were well prepared and of high quality;
- participants were deeply involved in the seminar; and
- there was an effective dialogue between supervisors from the region and those from elsewhere.

A follow-up regional seminar will be organized next spring.

Pretoria

The IAIS training seminar for English-speaking African insurance supervisors was held in July in Pretoria, South Africa under the initiative of the Financial Services Board (FSB) of South Africa. The 40 participants came from 15 countries and three institutions (IAIS, UNCTAD and IIF).

The seminar's lectures and discussions addressed a number of issues: supervision of insurance companies, insurance basis, use of insurance technology, reinsurance, liberalisation, financial soundness practices, financial solvency supervision, liquidation, licensing, financial conglomerates, intermediaries, disclosure, and money laundering. Several speakers mentioned the problems relating to Year 2000. Speakers made much use of the IAIS principles and standards in their presentations. Participants’ fees and a contribution from the International Insurance Foundation financed the seminar. A similar training seminar will be held next year.

Jean-Louis Bellando
The Working Group on Reinsurance
(Chair: Rob Bakker, The Netherlands)

At the Fourth Annual Conference in Sydney, the IAIS assessed the importance of reinsurance supervision. Reinsurance is a pre-eminent international part of the insurance industry. The general function of reinsurance is to advance the effect of the (statistical) law of large numbers, being the basis for an optimal pooling and diversification of underwriting risks. The main consequence of this function in an economic sense is that reinsurance enables an insurer to expand its underwriting capacity.

A modest survey of the IAIS-countries carried out by the Netherlands supervisory authority, the Verzekeringkamer, made clear that there are large differences in supervisory regimes for reinsurance companies. The results are to be published this fall.

At its Johannesburg meeting in January, the Technical Committee set up a reinsurance working group, chaired by the Netherlands, with a mandate to draft a paper addressing relevant issues in the field of reinsurance supervision. The paper will be a reference paper for IAIS members, containing, *inter alia*, a synopsis of terms and considerations frequently used in reinsurance agreements. At a later stage, the IAIS will consider whether to draft a paper on reinsurance principles.

The Reinsurance Working Group had its first meeting in Apeldoorn in July. An interim list of issues was discussed. It is the intention of the working group to consult the reinsurance industry.

The group expects to complete a draft reinsurance paper in the autumn of 1999, for discussion by the IAIS membership at the Sixth Annual Conference in 1999.

Rob Bakker
The Working Group on Electronic Commerce/Internet
(Chair: Tarmo Pukkila, Finland)

At its meeting in Johannesburg, the Technical Committee decided to set up a new working group on Electronic Commerce and the Internet. The aim of the group is to produce an issues paper on the challenges of Electronic Commerce and the Internet for insurance supervision. It has been tentatively decided that most of the work of the group should be done by the end of 1998.

The first meeting of the working group was held in Basle in May, with a general discussion of Electronic Commerce and Internet issues.

At the Basle meeting, a new Internet website (http://www.svision.net) was unveiled, so members of the working group could communicate with each other, thus furthering the group's role as a forum for information exchange and discussion. The website will include background information on these issues as well as the current discussion contributions. The site's webmaster is Mr. Timo Ahjos, of the Ministry of Social Affairs and Health in Finland, and he will also help the working group in producing the final issues paper. Access to the discussion area of the website requires a password which IAIS members can obtain from Mr. Ahjos (his address is webmaster@svision.net).

An interim report of the group's findings will be presented at the Cancún conference, at which time the working group will also hold its next meeting.

Tarmo Pukkila
Report of the Secretariat

(Chair: K. Hohlfeld, Basle, Switzerland)

The IAIS has its own independent Secretariat, located at the Bank for International Settlements (BIS) in Basle, since January. The Secretary General is supported by Mr. Yoshihiro Kawai as Deputy Secretary General, and Mrs. Cecilia Müller Chen as administrative assistant. Mr. Kawai has been familiar with the work of the IAIS for several years.

In addition to its day-to-day operational tasks (document logging and distribution, answers to requests, preparation of the IAIS budget and cash flow management, etc.), the Secretariat has focussed its resources to:

- support the work of the main IAIS committees and record minutes at their January meetings in Johannesburg;
- organize the May committee meetings in Basle, and provide secretarial support;
- support the Year 2000 Round Table in April at the BIS and the Joint Year 2000 Council; and
- support the consultative process initiated by the Joint Forum on Financial Conglomerates.

In addition, the Secretariat is currently:

- preparing for the fifth Annual Conference in Cancún;
- updating the World Directory for distribution at the Cancún conference;
- developing a strategy for training programs;
- creating an independent IAIS website; and
- converting the IAIS from a not-for-profit corporation of the State of Illinois (USA) to a Swiss organization without losing its tax-exempt status.

The Secretary General has given presentations on behalf of the IAIS and established relationships with other relevant institutions. He has also developed the IAIS presence in the financial sector at a number of conferences:

- the BIPAR World Insurance Agents and Brokers Associations Summit in Brussels (March);
- the IAIS Conference of Insurance Supervisory Authorities from Central and Eastern European Countries in Warsaw (March);
- the Annual General Meeting of the Association of African Insurance Supervisory Authorities in Kampala (May);
- the 25th General Assembly of the International Association for the Study of Insurance Economics (Geneva Association) in Dresden (June); and
- the Toronto International Leadership Centre for Financial Sector Supervision (Toronto Centre) in July.

In July, the Secretary General also paid a first visit to the Secretariat of IOSCO in Montreal to help build a cooperative relationship between the two organizations.

The Deputy Secretary General gave a presentation on behalf of the IAIS at a training seminar on supervision of insurance companies for supervisors in English speaking African countries in Pretoria (July).
The Secretariat would like to thank all members for their support and contributions to IAIS activities. Special acknowledgement in this regard is due to the National Association of Insurance Commissioners (NAIC) and the BIS for their assistance, which greatly facilitated the activities of the IAIS. The secretarial support by the NAIC (and in particular, the years of work by Mr. Kevin Cronin) has build a strong foundation for the new era. As well, the considerable assistance provided by the BIS has allowed the Secretariat to become operational much more quickly and cost-effectively than otherwise possible.

Many requests and inquiries have been received from both members and non-members, something that demonstrates well a high level of interest in the IAIS. In spite of its limited resources, the Secretariat is committed to playing a key role in addressing the challenging tasks the IAIS has before it.

Knut Hohlfeld, Secretary General
Financial Statement & Independent Auditor’s Report
INDEPENDENT AUDITORS' REPORT

The Honorable Members of the
International Association of Insurance Supervisors

We have audited the accompanying balance sheets of the International Association of Insurance Supervisors (the "IAIS") as of December 31, 1997 and 1996, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the IAIS's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the IAIS as of December 31, 1997 and 1996, and the results of its activities and its cash flows for the years then ended in conformity with generally accepted accounting principles.

February 13, 1998
# INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

## BALANCE SHEETS

**DECEMBER 31, 1997 AND 1996**

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS</td>
<td>$429,359</td>
<td>$328,553</td>
</tr>
<tr>
<td>ACCOUNTS RECEIVABLE, net</td>
<td>8,700</td>
<td>22,950</td>
</tr>
<tr>
<td>CONTRIBUTIONS RECEIVABLE</td>
<td>352,482</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$790,541</strong></td>
<td><strong>$351,503</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$16,397</td>
<td>$29,271</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>2,795</td>
<td>75,729</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>19,192</td>
<td>105,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>519,673</td>
<td>246,503</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>251,676</td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>771,349</strong></td>
<td><strong>246,503</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$790,541</strong></td>
<td><strong>$351,503</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
# INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

**STATEMENTS OF ACTIVITIES**  
YEARS ENDED DECEMBER 31, 1997 AND 1996

<table>
<thead>
<tr>
<th></th>
<th>1997 Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
<th>1996 Unrestricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNRESTRICTED REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 176,535</td>
<td>$ 251,676</td>
<td>$ 428,211</td>
<td>$ 114,700</td>
<td></td>
</tr>
<tr>
<td>Membership fees</td>
<td>172,670</td>
<td></td>
<td>172,670</td>
<td>91,000</td>
<td></td>
</tr>
<tr>
<td>Meeting registration fees</td>
<td>70,800</td>
<td></td>
<td>70,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>20,527</td>
<td></td>
<td>20,527</td>
<td>9,823</td>
<td></td>
</tr>
<tr>
<td>Newsletter subscriptions</td>
<td>650</td>
<td></td>
<td>650</td>
<td>1,125</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td></td>
<td></td>
<td></td>
<td>50</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>441,182</td>
<td>251,676</td>
<td>692,858</td>
<td>216,698</td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation services</td>
<td>15,885</td>
<td></td>
<td>15,885</td>
<td>18,208</td>
<td></td>
</tr>
<tr>
<td>Meeting services</td>
<td>20,188</td>
<td></td>
<td>20,188</td>
<td>18,802</td>
<td></td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>76,633</td>
<td></td>
<td>76,633</td>
<td>56,259</td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>16,886</td>
<td></td>
<td>16,886</td>
<td>3,719</td>
<td></td>
</tr>
<tr>
<td>Travel and transportation</td>
<td>11,636</td>
<td></td>
<td>11,636</td>
<td>9,513</td>
<td></td>
</tr>
<tr>
<td>Postage and office supplies</td>
<td>12,216</td>
<td></td>
<td>12,216</td>
<td>6,107</td>
<td></td>
</tr>
<tr>
<td>Professional services</td>
<td>8,411</td>
<td></td>
<td>8,411</td>
<td>1,916</td>
<td></td>
</tr>
<tr>
<td>Printing</td>
<td>6,157</td>
<td></td>
<td>6,157</td>
<td>4,835</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>168,012</td>
<td></td>
<td>168,012</td>
<td>119,359</td>
<td></td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>273,170</td>
<td>251,676</td>
<td>524,846</td>
<td></td>
<td>97,339</td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>246,503</td>
<td></td>
<td>246,503</td>
<td></td>
<td>149,164</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$ 519,673</td>
<td>$ 251,676</td>
<td>$ 771,349</td>
<td>$ 246,503</td>
<td></td>
</tr>
</tbody>
</table>

See notes to financial statements.
# INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

## STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1997 AND 1996

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$524,846</td>
<td>$97,339</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>14,250</td>
<td>(7,350)</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>(352,482)</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(12,874)</td>
<td>(14,300)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(72,934)</td>
<td>75,729</td>
</tr>
<tr>
<td>Contributions restricted for long-term investment</td>
<td>(251,676)</td>
<td></td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(150,870)</td>
<td>151,418</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES -</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from contributions that are time restricted</td>
<td>251,676</td>
<td></td>
</tr>
<tr>
<td><strong>INCREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td>100,806</td>
<td>151,418</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</strong></td>
<td>328,553</td>
<td>177,135</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, END OF PERIOD</strong></td>
<td>$429,359</td>
<td>$328,553</td>
</tr>
</tbody>
</table>

See notes to financial statements.
INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996

1. NATURE OF ORGANIZATION

The International Association of Insurance Supervisors (the "IAIS") is an organization of and for the international insurance supervisory officials. The IAIS provides an independent forum for these officials to promote cooperation among the members in carrying out their responsibilities and to enhance their ability to protect insurance policyholders and promote secure and efficient insurance markets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been recorded on the accrual basis of accounting. Membership fees are unrestricted and are recorded as revenues in the applicable membership year. Unrestricted revenues and expenses for meetings are recorded when earned or incurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents includes deposits in a checking account and an interest bearing money market account.

Contributions - Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net assets classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the IAIS reports the support as unrestricted.

New Accounting Standards - In 1996, IAIS adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 116, Accounting for Contributions Received and Contributions Made and SFAS No. 117, Financial Statements of Not-for-Profit Organizations. The effect on the financial statements was not significant.

Reclassifications - Certain amounts in the 1996 financial statements have been reclassified to conform with the 1997 financial statement presentation.

3. INCOME TAXES

IAIS is exempt from Federal Income Tax pursuant to section 501(c)(6) of the Internal Revenue Code.
4. CONTRIBUTIONS RECEIVABLE

The IAIS entered into an agreement with the Swiss Government to relocate its corporate headquarters from the United States to Switzerland. As an incentive for the IAIS to relocate to Switzerland, the Swiss Government has agreed to contribute the following amounts to IAIS:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$100,806</td>
</tr>
<tr>
<td>1998</td>
<td>$125,838</td>
</tr>
<tr>
<td>1999</td>
<td>$125,838</td>
</tr>
<tr>
<td></td>
<td><strong>$352,482</strong></td>
</tr>
</tbody>
</table>

6. RELATED PARTY TRANSACTIONS

The National Association of Insurance Commissioners (the “NAIC”) is an affiliated organization who is also a member of IAIS. Under a Services Agreement between the NAIC and IAIS, the NAIC provides certain administrative services to IAIS. For the years ended December 31, 1997 and 1996, the total amount charged by the NAIC for administrative service was $58,399 and $50,609, respectively. As of December 31, 1997 and 1996, IAIS had amounts payable of $12,642 and $25,776, respectively, to the NAIC for services rendered or expenses paid by the NAIC on behalf of IAIS.

* * * * *
Appendices
Appendix 1: List of Members

Mr. John Lawrence
Director of Financial Services
Financial Services, Government of Anguilla
The Valley
P.O. Box 60
Anguilla
Telephone No.: 1 264 497 5881
Fax No.: 1 264 497 5872
E-mail: anguillafsd@anguillanet.com

Mr. Richard Smith
Chief Manager, General Insurance
Australian Prudential Regulation Authority
GPO Box 9836
Canberra ACT 2601
Australia
Telephone No.: 612 6247 2299
Fax No.: 612 6213 5100
E-mail: richard.smith@apra.gov.au

Mr. Daniel Carlos Di Nucci di Martino
Superintendent
Superintendencia de Seguros de la Nacion Argentina
Julio A. Roca 721, Piso 7
Buenos Aires, Argentina
Telephone No.: 54 1 331 98 21
Fax No.: 54 1 343 90 90

Dr. Peter Braunmüller
Deputy Head of Division
Ministry of Finance
Johannesgasse 14
A-1015 Vienna, Austria
Telephone No.: 43 1 512 4678
Fax No.: 43 1 512 1785
E-mail: Peter.Braumueller@bmf.gv.at

Mr. Marion Agunbero
Head Insurance Section
Centrale Bank van Aruba
Havenstraat #2
Oranjestad, Aruba Dutch Caribbean
Telephone No.: 297 8 22 509
Fax No.: 297 8 32 251
E-mail: cbaua@setarnet.aw

Mr. Kendal Munnings
Insurance Supervisor Registrar
Registrar of Insurance
Ministry of Economic Development
P.O. Box N-4849
Nassau N.P., Bahamas
Telephone No.: 1 242 328 1068
Fax No.: 1 242 356 5716

Mr. Dallas Booth
General Manager
Motor Accidents Authority of NSW
139 Macquarie Street
Level 12
Sydney NSW 2000
Australia
Telephone No.: 612 9252 4677
Fax No.: 612 9252 4710
E-mail: dallas@maa.nsw.gov.au

Mr. Ian Carrington
Insurance Supervisor
Ministry of Finance and Economic Affairs
1st Floor Nicholas House
Broad Street
Bridgetown, Barbados
Telephone No.: 1 246 426 3815
Fax No.: 1 246 436 2699
Mr. Willy Lenaerts
President
Office de Controle des Assurances
61 Avenue de Cortenbergh
B-1000 Brussels, Belgium
Telephone No.: 32 2 737 0700
Fax No.: 32 2 733 51 29
E-mail: info@cdv-oca.be

Mr. Jaime Alpuche
Supervisor of Insurance
Ministry of Finance
New Administration Building
Belmopan, Belize
Telephone No.: 501 8 22158
/ 501 8 22169
Fax No.: 501 8 22886 / 501 8 23768
E-mail: finsecmot@btl.net

Mr. Kymn Astwood
Registrar of Companies
Bermuda Government
Government Administration Building
30 Parliament Street
Hamilton HM12, Bermuda
Telephone No.: 1 441 297 7574
Fax No.: 1 441 292 6640
E-mail: Kyastwod@ibl.bm

Dr. Pablo Gottret Valdés
Superintendente de Pensiones, Valores y Seguros
Superintendencia Nacional de Seguros
Casilla Postal 6118
Calle Federico Zuazu esq. Reyes Ortiz
Edificio "Torres Gundlach", Piso 3
La Paz, Bolivia
Telephone No.: 591 2 331 212
Fax No.: 591 2 330 001
E-mail: snsr@caoba.entelnet.bo

Mr. Oscar Chirambo
Insurance Supervisor
Ministry of Finance
Private Bag 008
Gaborone, Botswana
Telephone No.: 267 31 350 338
Fax No.: 267 31 580 849

Mr. Helio Oliveira Castro
Superintendent
Superintendencia de Seguros Privados (SUSEP)
Rua Buenos Aires, 256-4
20061-000 Rio de Janeiro, Brazil
Telephone No.: 55 21 297 4415
Fax No.: 55 21 221 4698
E-mail: gabin@susep.gov.br

Mr. Peter Bates
Supervisor of Insurance
Financial Services Department
The Haycraft Building, Pasea Estate
Road Town
Tortola, British Virgin Islands
Telephone No.: 1 284 494 4630
/ 1 284 494 4190
Fax No.: 1 284 494 5016
E-mail: finsvs@caribsurf.com

Mr. John Thompson
Deputy Superintendent
Office of the Superintendent of Financial Institutions Canada
Kent Square
255 Albert Street
16th Floor
Ottawa, Ontario K1A 0H2, Canada
Telephone No.: 1 613 990 7788
Fax No.: 1 613 993 6782
E-mail: jthomps@osfi-bsif.gc.ca

Mr. William McCullough
Head of Insurance Supervision
Cayman Islands Monetary Authority
Department of Insurance
P.O. Box 10052 APO
Grand Cayman
Cayman Islands, B.W.I.
Telephone No.: 1 345 949 7089
Fax No.: 1 345 949 2532
E-mail: McCullough@cimoney.com.ky
Ms. Mónica Ubilla  
Intendente de Seguros  
Superintendencia de Valores y Seguros  
Teatinos 120, Piso 6  
Santiago, Chile  
Telephone No.: 56 2 549 5900  
Fax No.: 56 2 549 5965  
E-mail: svalseg@ibm.net

Mr. Abdul El Sarrage  
Chairman  
Egyptian Insurance Supervisor Authority  
P.O. Box 2545  
28 Talaat Harb Street  
Cairo, Egypt  
Telephone No.: 20 2 575 8807  
/ 20 2 575 8423  
Fax No.: 20 2 575 8645

Ms. Chrystalla Georghadji  
Assistant Superintendent of Insurance  
Ministry of Finance -- Service for the Control of Insurance Companies  
P.O. Box 3364  
1682 Nicosia, Cyprus  
Telephone No.: 357 2 303 256  
Fax No.: 357 2 302 938

Dr. Francisco Bertrand Galindo  
Superintendente del Sistema Financiero  
Superintendencia del Sistema Financiero  
4a Calle Pte. No 2223  
Colonia Flor Blanca  
Apartado Postal 2942  
San Salvador, El Salvador  
Telephone No.: 503 260 7512  
Fax No.: 503 260 7512  
E-mail: fbertrand@ssf.gob.sv

Mr. Henrik Bjerre-Nielsen  
Director General  
Danish Financial Supervisory Authority  
GL. Kongevej 74 A  
DK-1850 Frederiksberg C, Denmark  
Telephone No.: 45 33 55 8282  
Fax No.: 45 33 55 8200  
E-mail: ftdir@ftnet.dk

Mr. David Deacon  
Head of Unit, Insurance, Pension Funds and External Aspects of Financial Services  
European Commission  
Rue de la Loi/Wetstraat 200  
B-1049 Brussels, Belgium  
Telephone No.: 32 2 299 1111  
Fax No.: 32 2 299 3075  
E-mail: David.Deacon@dg15.cec.be

Mr. Alejandro García  
Intendente Nacional de Seguros  
Superintendencia de Bancos  
12 de Octubre N24-185 y Madrid  
Casilla 171777-0  
Quito, Ecuador  
Telephone No.: 593 2 554 125  
/ 593 2 554 326  
Fax No.: 593 2 506 812  
E-mail: alejo@e-mail.superban.gov.ec & jsoto@e-mail.superban.gov.ec

Mr. Manoa Seruvakula  
Commissioner of Insurance  
Reserve Bank of Fiji  
Pratt Street, Private Mail Bag  
Suva, Fiji  
Telephone No.: 679 313 945 / 679 313 611  
Fax No.: 679 301 688
Mr. Tarmo Pukkila  
Director General  
Ministry of Social Affairs & Health  
Insurance Department  
Hallituskatu 5  
P.O. Box 267  
FIN-00171 Helsinki, Finland  
Telephone No.: 358 9 160 3751  
Fax No.: 358 9 160 3876  
E-mail: tarmo.pukkila@stm.vn.fi

Dr. Joachim Henke  
Ministerialdirektor  
Bundesministerium der Finanzen  
Graurheindorfer Straße 108  
D-53003 Bonn, Germany  
Telephone No.: 49 228 682 1698  
Fax No.: 49 228 682 4559  
E-mail: Claudia.Felsch@bundesfinanzministerium.de

Mr. Jean-Louis Bellando  
Secrétaire Général  
Commission de Contrôle des Assurances  
54, rue de Châteaudun  
F-75436 Paris Cedex 09, France  
Telephone No.: 33 1 55 07 41 41  
Fax No.: 33 1 55 07 41 50  
E-mail: jean-louis.bellando@dpa.finances.gouv.fr

Mr. Samuel Appiah-Ampofo  
Insurance Supervisor Commissioner  
National Insurance Commission Ghana  
P.O. Box CT 3456  
Cantonnement  
Accra, Ghana  
Telephone No.: 233 21 238 300 / 301  
Fax No.: 233 21 237 248  
E-mail: nicgh@ghana.com

M. Bruno Bézard  
Sous-Directeur des Assurances, Direction du Trésor  
Ministère de l’Economie, des Finances et de l’Industrie  
139, rue de Bercy  
F-75012 Paris, France  
Telephone No.: 33 1 44 87 74 90  
Fax No.: 33 1 40 04 28 65  
E-mail: bruno.bezard@dt.finances.gouv.fr

Mr. Martin Fuggle  
Commissioner of Insurance  
Financial Services Commission  
Suite 943 Europort  
P.O. Box 940  
Gibraltar  
Telephone No.: 350 40 283 / 350 40 284  
Fax No.: 350 40 282  
E-mail: fsc@gibnet.gi

Dr. Helmut Müller  
President  
Bundesaufsichtsamt für das Versicherungswesen  
Ludwigkirchplatz 3-4  
D-10719 Berlin, Germany  
Telephone No.: 49 30 88 930  
Fax No.: 49 30 88 93 494  
E-mail: Helmut.Mueller@bav-bund.de

Mr. Ε. Thomopoulos  
Director of Insurance Supervisor  
Direction of Insurance Enterprises and Actuaries  
Insurance Division  
Kaning Square  
10181 Athens, Greece  
Telephone No.: 30 1 383 6352  
Fax No.: 30 1 384 2642 / 30 1 382 7734
Lic. Roberto Gutierrez  
Superintendente de Bancos  
Superintendencia de Bancos  
9a. Av. 22-00, Zona 1  
Ciudad de Guatemala  
C.P. 01001, Guatemala  
Telephone No.: 502 232 0001  
/ 502 232 0003 / 502 232 0004  
Fax No.: 502 232 0002  
E-mail: sibcos@guate.net &  
sibcos2@guate.net

Mr. Erlendur Larusson  
Director General  
Insurance Supervisory Authority  
Sudurlandsbraut 6  
108 Reykjavik, Iceland  
Telephone No.: 354 568 5188  
Fax No.: 354 568 5253  
E-mail: erlendur@va.is

Mr. Nambi Rangachary  
Chairman  
Insurance Regulatory Authority  
Ministry of Finance, Govt. of India  
Ground Floor, Tower-I, Jeevan Bharati  
Bldg.  
124 Connaught Circus  
New Delhi—110001, India  
Telephone No.: 91 11 371 8099  
/ 91 11 335 7319  
Fax No.: 91 11 335 7520  
E-mail: irauth@giasdl01.vsnl.net.in

Mr. Steve Butterworth  
Director of Insurance  
Guernsey Financial Services Commission  
Valley House, Hirzel Street  
St. Peter Port  
Guernsey GY1 2NP (Via UK)  
Telephone No.: 44 1481 712 706  
Fax No.: 44 1481 712 010  
E-mail:  
swbutterworth@gfsc.guernsey.net

Mr. Alan Wong  
Commissioner of Insurance  
Office of the Commissioner of Insurance  
21st Floor, Queensway Government  
Offices  
66 Queensway, Hong Kong  
Telephone No.: 852 2867 2550  
Fax No.: 852 2869 0252  
E-mail: mail@oci.gov.hk

Ms. Emily Sheerin  
Insurance Financial Supervision  
Department Enterprise & Employment  
South Frederick Street  
Dublin 2, Ireland  
Telephone No.: 353 1 661 4444  
Fax No.: 353 1 679 5710

Dr. William Hastings  
Chief Executive  
Insurance and Pensions Authority  
HSBC House, Ridgeway Street  
Douglas  
IM1 1ER, Isle of Man  
Telephone No.: 44 1624 646 000  
Fax No.: 44 1624 646 001
Ms. Tslippi Samet  
Insurance Commissioner  
Ministry of Finance  
1 Kaplan Street  
P.O.B. 19195  
Jerusalem 91131, Israel  
Telephone No.:  972 2 531 7247  
Fax No.:  972 2 652 18 57

Mr. Jung-Bo Lee  
Governor  
Insurance Supervisory Board  
35-53, Tongeui-Dong, Chongno-Gu  
Chongno-Ku  
Seoul 110-040, Korea  
Telephone No.:  82 3 339 80 00  
Fax No.:  82 2 730 54 41

Mr. Giovanni Manghetti  
Insurance Supervisor  
ISVAP  
Via Vittoria Colonna 39  
I-00193 Rome, Italy  
Telephone No.:  390 6 361 921  
Fax No.:  390 6 361 92 06

Mr. Victor Rod  
Président du Comité de Direction  
Commissariat aux Assurances  
7, Boulevard Royal  
L-2449 Luxembourg  
Luxembourg  
Telephone No.:  352 22 69 111  
Fax No.:  352 22 69 10  
E-mail: commassu@p.t.lu

Mr. Takaaki Hattori  
Deputy Director  
Ministry of Finance  
1-1 Kasamigaseki 3 chome  
Chiyoda-ku  
Tokyo 100, Japan  
Telephone No.:  81 3 3581 4111  
Fax No.:  81 3 5251 2160

Mr. António José Félix Pontes  
Insurance Commissioner  
Autoridade Monetária e Cambial de Macau  
Rua Pedro Nolasco da Silva, No. 45  
P.O. Box 3017, Macau  
Telephone No.:  853 325 416  
Fax No.:  853 325 433  
E-mail: amcmajfp@macau.ctm.net

Mr. Nigel Woodroffe  
Director, Insurance  
Jersey Financial Services Commission  
Cyril Le Marquand House  
P.O. Box 267  
The Parade, St. Helier  
JE4 8TP, Jersey  
Telephone No.:  44 1534 60 36 47  
/ 44 1534 60 36 00  
Fax No.:  44 1534 60 36 10  
/ 44 1534 891 55  
E-mail: info@jerseyfsc.org
Mr. Encik bin Ibrahim  
Director  
Bank Negara Malaysia  
Insurance Regulation Department  
11th Floor, Block A  
Jalan Dato' Onn  
50480 Kuala Lumpur, Malaysia  
Telephone No.: 603 298 8044  
Fax No.: 603 291 2990  
E-mail: muhd@bmn.gov.my

Mr. Arend Vermaat  
President  
Verzekeringkamer  
32, J.F. Kennedylaan  
Postbus 929  
Apeldoorn 7301 BD, Netherlands  
Telephone No.: 31 55 355 08 88  
Fax No.: 31 55 355 01 35

Mr. Edward Carbone  
Chief Executive  
Malta Financial Services Centre  
Attard, Malta  
Telephone No.: 356 44 11 55  
Fax No.: 356 44 11 88  
E-mail: ChiefExecutive@mfsc.com.mt

Mr. Alberto Romero  
Executive Director  
Bank van de Nederlandse Antillen  
Breedestraat 1 (P)  
Willemstad, Curaçao  
Netherlands Antilles  
Telephone No.: 599 9 434 5500  
Fax No.: 599 9 461 5004  
E-mail: Info@Centralbank.AN

Mr. Dhaneswar Gukhool  
Controller of Insurance  
Sew Hee House  
7 Leoville L'Homme Street  
Port Louis, Mauritius  
Telephone No.: 230 212 59 46  
Fax No.: 230 212 26 14  
E-mail: Insudiv@intnet.mu

Mr. Neville Harris  
Registrar of Companies  
Ministry of Commerce  
Business & Registries Branch  
P.O. Box 10843  
The Terrace  
Wellington, New Zealand  
Telephone No.: 64 4 472 0030  
Fax No.: 64 4 471 1534  
E-mail: HarrisN@companies.govt.nz

Lic. Juan Ignacio Gil Antón  
President  
Comisión Nacional de Seguros y Fianzas  
Av. Insurgentes Sur No. 1971  
Torre Norte 2 Piso  
Col. Guadalupe Inn  
01020 D.F., Mexico  
Telephone No.: 52 5 724 7557  
Fax No.: 52 5 724 7602

Mr. Bjørn Skogstad Aamo  
Director General  
KreditTilsynet  
Ostensjovn. 43  
N-0667 Oslo, Norway  
Telephone No.: 47 22 93 98 00  
Fax No.: 47 22 63 02 26  
E-mail: nina-moss.danielsen@kredittilsynet.no

Mr. Lava Sharma  
Chairman  
Beema Samiti (Insurance Board)  
Blood Bank Complex, Exhibition Road  
Kathmandu P.O. Box # 2172, Nepal  
Telephone No.: 977 1 25 60 90  
Fax No.: 977 1 22 99 78
Mr. André Laboul  
Principal Administrator  
Organization for Economic Co-operation  
& Development  
2, rue André Pascal  
F-75775 Paris, Cedex 16  
France  
Telephone No.: 33 1 45 24 9127  
Fax No.: 33 1 45 24 78 52 / 33 1 44 30  
63 08  
E-mail: andre.laboul@oecd.org

Mr. Atty Eduardo Malinis  
Insurance Commissioner  
Insurance Commission  
Department of Finance  
1071 United Nations Avenue  
Ermita, Manila, Philippines  
Telephone No.: 63 2 523 84 61  
/ 63 2 525 20 15  
Fax No.: 63 2 522 14 34  
E-mail: oic@i-manila.com.ph

Ms. Elisa Carrizo  
Insurance Supervisor  
Superintendencia de Panama  
Calle 51 y Avenida Ricardo Arias,  
Edificio C-11  
Diagonal a la Universidad Latina de  
Panamá  
Apartado 832-1683 World Trade Center  
Panamá City, Panama  
Telephone No.: 507 214 7484 to 7487  
Fax No.: 507 214 7482 / 507 214 7483

Ms. Danuta Walcerz  
President  
State Office for Insurance Supervision  
pl. Dabrowskiego 1  
00-057 Warsaw, Poland  
Telephone No.: 48 22 826 5308  
Fax No.: 48 22 826 5302

Mr. Salamo Elema  
Insurance Commissioner  
Department of Finance  
Level 4, Pulupindi Haus  
P.O. Box 122  
Port Moresby, Papua New Guinea  
Telephone No.: 675 328 80 00  
Fax No.: 675 328 81 41

Mr. Luis Sanches  
General Manager  
Instituto de Seguros de Portugal  
Ave. Berna, 19  
1050 Lisbon, Portugal  
Telephone No.: 351 1 793 8542  
Fax No.: 351 1 795 4190  
E-mail: 1vcunha@cd.isp.pt &  
sanches@isp.pt

Mr. Jacques Henrichon  
Deputy Inspector General  
Inspecteur General Des Institutions  
Financieres  
800, Place D'Youville  
8e - Etage  
GIR 4Y5  
Quebec, Canada  
Telephone No.: 1 418 694 5011  
Fax No.: 1 418 528 0835  
E-mail: igif@igif.gouv.qc.ca

Mr. Martin Naranjo Landerer  
Superintendente de Banca y Seguros  
Superintendencia de Banca y Seguros del  
Peru  
Los Laureles No. 214 San Isidro  
Lima 27, Peru  
Telephone No.: 51 1 221 8990  
Fax No.: 51 1 441 77 60  
E-mail: mnaranjo@sbs.gob.pe
Mr. Ilia Lomakin-Rumyantsev  
Chief of Department  
Department of Insurance Supervision  
Ministry of Finance  
20, Tverskaya Street  
103009 Moscow  
Russian Federation  
Telephone No.: 7 095 209 5761  
Fax No.: 7 095 209 5649

Ms. Pilar de Frutos  
Directora General  
Dirección General de Seguros  
Ministerio de Economía y Hacienda  
Paseo de la Castellana, 44  
28046 Madrid, Spain  
Telephone No.: 349 1 339 7000  
Fax No.: 349 1 339 7113  
E-mail: dgsssec@stnet.es

Ms. Lim Chiau  
Executive Director  
Monetary Authority of Singapore  
10 Shenton Way  
M.A.S. Building  
079117, Singapore  
Telephone No.: 65 225 5577  
Fax No.: 65 229 9694  
E-mail: sclim@mas.gov.sg

Ms. Gabadage Ekanayake  
Controller of Insurance  
Ministry of Finance, Insurance Division  
Lady Lochora Bldg., 100, Sir Chittampalam  
Sir Chittampatam A  
Gardiner Mawatha  
Colombo 02, Sri Lanka  
Telephone No.: 94 1 441 204 / 94 1 342 595  
Fax No.: 94 1 449 823

Mr. Kervis Harry  
Acting Controller of Insurance  
Ministry of Finance  
P.O. Box G34  
Honiara, Solomon Islands  
Telephone No.: 677 25 671  
Fax No.: 677 20 392

Mr. Jarl Symreng  
Head of Insurance Department  
Finansinspektionen  
Regeringsgatan 48  
P.O. Box 7831  
S-103 98 Stockholm, Sweden  
Telephone No.: 46 8 787 8000  
Fax No.: 46 8 24 1335  
E-mail: jarl.symreng@fi.se

Mr. André Swanepoel  
Deputy Executive Officer  
Financial Services Board  
446 Rigel Avenue South  
Erasmusrand  
Pretoria 0181, South Africa  
Telephone No.: 27 12 428 8000  
Fax No.: 27 12 347 0221  
E-mail: andres@fsb.co.za

Mr. Peter Pfund  
Manager  
Federal Office of Private Insurance  
Gutenbergstrasse 50  
CH - 3003 Bern, Switzerland  
Telephone No.: 41 31 322 7911  
Fax No.: 41 31 381 4967  
E-mail: peter.pfund@bpv.admin.ch
Mr. Chi-Shih Cheng  
Director General  
Ministry of Finance  
Department of Insurance  
Ministry of Finance  
2, Ai-Kuo West Road  
Taipei, Taiwan ROC  
Telephone No.: 886 2 2322 8236  
Fax No.: 886 2 2341 8374  
E-mail: cscheng@mail.mof.gov.tw

Mr. Martin Roberts  
Director, Insurance Directorate  
HM Treasury  
1 Victoria Street  
London SW1H 0ET  
United Kingdom  
Telephone No.: 44 171 270 4558  
Fax No.: 44 171 215 0238

Mr. Banphot Hongthong  
Director-General  
Department of Insurance  
Ministry of Commerce  
408/44 Phahon Yothin Road  
Phayathai  
Bangkok 10400, Thailand  
Telephone No.: 66 2 619 0613-9  
Fax No.: 66 2 619 06 10

Mr. Hanley Clark  
Insurance Commissioner  
State of West Virginia, Office of  
Insurance Commissioner  
P.O. Box 50540  
Charleston, West Virginia 25305-0540  
USA  
Telephone No.: 1 304 558 3354  
Fax No.: 1 304 558 0412  
E-mail: hclarkhc@wvnvm.wvnet.edu

Mr. Yaruz Aytekin  
President Insurance Supervisory Office  
Insurance Supervisory Office  
Undersecretariat for Treasury  
Inonu Cad. Hazine Binasi  
06510 Enek-Ankara, Turkey  
Telephone No.: 90 3112 212 8871  
Fax No.: 90 312 212 8238 / 90 312 212 8203

Mr. Kevin Cronin  
Washington Counsel / Director  
Government and International Relations  
National Association of Insurance Commissioners (NAIC)  
Hall of States  
444 N. Capitol Street, N.W., Suite 701  
Washington, D.C. 20001-1512  
USA  
Telephone No.: 1 202 624 7790  
Fax No.: 1 202 624 8579  
E-mail: kcronin@naic.org

Mr. Colin Holder  
Superintendent of Insurance  
Financial Services Commission  
P.O. Box 173  
Post Office Building  
Front Street, Grand Turk  
Turks & Caicos BWI  
Telephone No.: 1 649 946 2791  
Fax No.: 1 649 946 2821  
E-mail: fsc@tciway.tc

Cra. Ana Acosta y Lara  
Superintendente de Seguros y Reaseguros  
Superintendencia de Seguros y Reaseguros  
Paysandu, Esq. Florida  
C.P. 11 100  
Montevideo, Uruguay  
Telephone No.: 598 2 900 5229  
Fax No.: 598 2 902 8713  
E-mail: aylara@bcu.gub.uy
Candidates for new membership in October 1998

Mr. Hristo Hristov
Director
Insurance Supervisor Directorate
6 Tzar Osvoboditel Blvd.
Sofia, Bulgaria
Telephone No.: 359 2 981 7853
Fax No.: 359 2 981 7858

Mr. Ibrahim Bah
Gouverneur de la Banque Centrale
Direction des Assurances
Banque Centrale de la Rep. De Guinee
3 Bd. Du Commerce
BP=692, Conakry, Guinea
Telephone No.: 224 41 18 76
Fax No.: 224 41 48 98

Mr. Sakura Shiga
Counsellor of the Commissioner's Secretariat
Financial Supervisory Agency
Kasumigaseki 3-1-1
Chiyoda-ku
Tokyo 100-0013, Japan
Telephone No.: 81 3 3506 6047
Fax No.: 81 3 3506 6113
E-mail: s-shiga@fsa.go.jp

Mr. Adrian van Luyn
Head of Insurance Division
Ministry of Finance of the Netherlands
P.O. Box 20201
2500 EE
The Hague, Netherlands
Telephone No.: 31 703 42 70 91
Fax No.: 31 703 42 79 84
E-mail: a.h.Luyn@minfin.nl

Mr. Jurij Gorišek
Director
Ministry of Finance, Insurance Supervisory Authority
Republika Slovenija
Trg Republike 3
Ljubljana, Slovenia
Telephone No.: 386 61 176 3400
Fax No.: 386 61 176 3417
E-mail: vesna.zagorec@mfc.sgov.mails.si

IAIS Secretariat

Mr. Knut Hohlfeld
Secretary General
c/o Bank for International Settlements
4002 Basle, Switzerland
Telephone No.: 41 61 280 9134
Fax No.: 41 61 280 9151
E-mail: knut.hohlfeld@bis.org

Dr. Awang Hussin
Director General
Labuan Offshore Financial Services Authority
Level 17, Main Office Tower
Financial Park Complex
Labuan F.T. 87000
Malaysia
Telephone No.: 60 87 408 188 / 187
Fax No.: 60 87 413 328
E-mail: iofsa@tm.net.my

Mr. Yoshihiro Kawai
Deputy Secretary General
c/o Bank for International Settlements
4002 Basle, Switzerland
Telephone No.: 41 61 280 9135
Fax No.: 41 61 280 9151
E-mail: yoshihiro.kawai@bis.org
Mrs. Cecilia Müller-Chen
Administrative Officer
c/o Bank for International Settlements
4002 Basle, Switzerland
Telephone No.: 41 61 280 8288
Fax No.: 41 61 280 9151
E-mail: cecilia.mueller-chen@bis.org
Appendix 2: 1997 Membership of Committees

**TECHNICAL COMMITTEE**

*Jarl Symreng, Sweden, Chair*
Takaaki Hattori, Japan, Vice Chair
Richard J. Smith, Australia
Peter Braumüller, Austria
John R. Thompson, Canada
Mónica Cáceres Ubilla, Chile
Henrik Bjerre-Nielsen, Denmark
David Deacon, European Commission
Tarmo Pukkila, Finland
Bruno Bezard, France
Jean-Louis Bellando, France
Helmut Müller, Germany
Steve Butterworth, Guernsey
László Asztalos, Hungary
Giovanni Manghetti, Italy
John P. Bonett, Malta
Juan Ignacio Gil Antón, Mexico
Arend J. Vermaat, Netherlands
Per Simonsen, Norway
André Laboul, OECD
Danuta Walcerz, Poland
Ilia Lomakin-Rumyantsev, Russian Federation
Lim Shu Chiau, Singapore
Pilar González de Frutos, Spain
Peter Pfund, Switzerland
Martin Roberts, United Kingdom
Hanley Clark, USA/NAIC
Kevin T. Cronin, USA/NAIC

**EMERGING MARKET ISSUES COMMITTEE**

*Juan Ignacio Gil Antón, Mexico, Chair*
André Swanepoel, South Africa, Vice-Chair
Richard J. Smith, Australia
Peter Braumüller, Austria
Matthew King, European Commission
Jean-Louis Bellando, France
Bruno Bezard, France
Helmut Müller, Germany
Samuel Appiah-Ampofo, Ghana
Roberto A. Gutierrez N., Guatemala
Steve Butterworth, Guernsey
Sándor Dögei, Hungary
Nambi Rangachary, India
Danuta Walcerz, Poland
Luis Vilhena da Cunha, Portugal
Yaruz Aytekin, Turkey
Hanley Clark, USA/NAIC
Kevin T. Cronin, USA/NAIC

**BUDGET COMMITTEE**

*Peter Pfund, Switzerland, Chair*
John R. Thompson, Canada
Victor Rod, Luxembourg
INSURANCE LAWS, REGULATIONS, PRACTICES & STANDARDS SUBCOMMITTEE

Peter Braumüller, Austria, Chair
David Deacon, European Commission
Ricarda Maier, Germany
Zsuzsa Bona, Hungary
John P. Bonett, Malta
Paul M. Tulfer, Netherlands
Caryl M.C. Monte, Netherlands Antilles
Nina Moss Danielsen, Norway
André Laboul, OECD
Danuta Walcerz, Poland
Mark Serebrennikov, Russian Federation
Maria Wetterstrand, Sweden
PETER PFUND, SWITZERLAND
Edward Forshaw, United Kingdom
Hanley C. Clark, USA/NAIC
Kevin T. Cronin, USA/NAIC

INSURANCE FRAUD SUBCOMMITTEE

Steve Butterworth, Guernsey, Chair
Peter W. Bates, British Virgin Islands
Edit Pronay, Hungary
Tom Kool, Netherlands
Lim Shu Chiau, Singapore
André Swanepoel, South Africa
Edward Forshaw, United Kingdom
Hanley C. Clark, USA/NAIC
Kevin T. Cronin, USA/NAIC

EDUCATION SUBCOMMITTEE

Jean-Louis Bellando, France, Chair
Peter Braumüller, Austria
Frank Janotta-Simons, Germany
Samuel Appiah-Ampofo, Ghana
Roberto A. Gutierrez N., Guatemala
Steve Butterworth, Guernsey
Jozsek Zabodyik, Hungary
Luis Vilhena da Cunha, Portugal
Mark Serebrennikov, Russian Federation
Karın Kittisataporn, Thailand
Hanley C. Clark, USA/NAIC
Kevin T. Cronin, USA/NAIC

INVESTMENT SUBCOMMITTEE

Eleanor Linton, United Kingdom, Chair
Mrs. Lone Mørup, Denmark
Johan Lovengreen, European Commission
Bertrand Labilloy, France
Petra Graw, Germany
Ruud Pijpers, Netherlands
André Swanepoel, South Africa

EXCHANGE OF INFORMATION SUBCOMMITTEE

Henrik Bjerre-Nielsen, Denmark, Chair
Peter W. Bates, British Virgin Islands
Mónica Cáceres Ubilla, Chile
Doron Shorrer, Israel
Juan Ignacio Gil Antón, Mexico
Mark Sebrennikov, Russian Federation
Edward Forshaw, United Kingdom
Hanley C. Clark, USA/NAIC
Kevin T. Cronin, USA/NAIC
FINANCIAL CONGLOMERATES
SUBCOMMITTEE

Arend J. Vermaat, Netherlands, Chair
Darryl Roberts, Australia
Vacant, Canada (To be named)
Mónica Cáceres Ubilla, Chile
Johan Løvengreen, European Commission
Bruno Bezard, France
Jean-Louis Bellando, France
Helmut Müller, Germany
Joachim Henke, Germany
Y. Hirai, Japan
Per Simonsen, Norway
André Swanepoel, South Africa
Jarl Symreng, Sweden
Peter Pfund, Switzerland
Geoff Dart, United Kingdom
Hanley C. Clark, USA/NAIC
Kevin T. Cronin, USA/NAIC

WORKING GROUP ON REINSURANCE

Rob Bakker, Netherlands, Chair
Lutz Janke, Germany
Steve Butterworth, Guernsey
Peter Streit, Switzerland
Nigel Davies, United Kingdom
Alessandro Iuppa, USA

WORKING GROUP ON ELECTRONIC COMMERCE/INTERNET

Tarmo Pukkila, Finland, Chair
David Deacon, European Commission
Timo Ahjos, Finland
Frank Janotta-Simons, Germany
Isabel Pastor, Spain
Edward Forshaw, United Kingdom
Hanley Clark, USA

ACCOUNTING SUBCOMMITTEE

Florence Lustman, Chair
Richard J. Smith, Australia
John R. Thompson, Canada
David Deacon, European Commission
Kurt Georg Hummel, Germany
Mark Serebrennikov, Russian Federation
Jean-Marie Jordan, Switzerland
Simone Finn, United Kingdom
Hanley C. Clark, USA/W.Va.
Kevin T. Cronin, USA/NAIC
Appendix 3: List of Papers Presented at the Fourth Annual Conference

2nd - 3rd September 1997
Sydney, Australia

*Official opening speech* by Senator the Honourable Rod Kemp, Assistant Treasurer, Commonwealth of Australia (English only)

*Chairman's annual report*, George Pooley, Commissioner, IAIS Executive Committee

*Co-operation between regulations IOSCO & IAIS*, Anthony Neoh, IOSCO Technical Committee (English only)

*The evolution of the concept of the appointed actuary*, Chris Daykin, Government Actuary, United Kingdom, (English only)

*The German experience of introducing the "responsible actuary"*, Ms. Ricarda Maier, Legal Advisor, Bundesaufsichtsamt für das Versicherungswesen, Germany (English only)

*How the actuarial profession can help insurance supervisors*, Walt Rugland, Chairman, International Forum of Actuarial Associations, Germany (English only)

*Brief introduction to disclosure standards and market practices for life insurance*, Ms. Lim Shu Chiau, Insurance Commissioner, Monetary Authority of Singapore, Singapore

*Disclosure standards and related market practices for life insurers in the United States*, George Reider Jr., Insurance Commissioner, State of Connecticut, United States (English only)

*Disclosure of information in the life insurance industry in Germany*, Dr. Knut Hohlfeld, President, Bundesaufsichtsamt für das Versicherungswesen, Germany (English only)

*Statement of disclosure philosophy and practice – Hong Kong China*, Alan Wong, Commissioner of Insurance, Hong Kong

*Product disclosure standards for life insurance*, Bob Glading, Deputy Commissioner, Life Insurance, Insurance and Superannuation Commission, Australia (English only)

*The UK's regulatory framework for disclosure and market conduct*, David Severn, Personal Investment Authority, United Kingdom. (English only)

Insurance fraud: *Transcript of video on Dai Ichi fraud*, Steve Butterworth, Superintendent of Insurance, Guernsey Financial Services Commission, Guernsey (English only)

*Outcome of Australian fraud on two life companies*, Tom Karp, Insurance & Superannuation Commission, Australia (English only)

*Licensing system in France and the EU*, Jean-Louis Bellando, President, State Office for
International Supervision, France

Licensing control in the United States, Hanley C. Clark, Commissioner, West Virginia Department of Insurance, United States (English only)

Licensing system in South Africa and comparative analysis of licensing systems between developed markets and emerging markets, André Swanepoel, Deputy Registrar of Insurance, Financial Services Board, South Africa (English only)

The marketing of insurance over the internet, Ms. Josephine Musser, President, National Association of Insurance Commissioners, Commissioner of Insurance, Wisconsin, United States (English only)

The internet: bright light for the insurance industry? Dark cloud for regulators, Richard Seligman, Attorney with Katten Muchin & Zavis, United States (English only)

The IAIS survey on reinsurance supervision, Robert C. L Bakker, Dutch Insurance Supervisory Board, The Netherlands (English only)

Alternative risk transfer via finite risk reinsurance: an effective contribution to the stability of the insurance industry, Gerald Fisher, Swiss Re, New York, United States (English only)

Financial reinsurance, Glenn Pomeroy, Vice President, National Association of Insurance Commissioners, Commissioner of Insurance, West Virginia, United States (English only)
Appendix 4: Press Communiqués

Fourth Annual Conference
2-3rd September 1997
Sydney, Australia

The Fourth Annual Conference of the International Association of Insurance Supervisors (IAIS), representing insurance supervisors from 57 countries, met in Sydney 2-3 September 1997.

Established in 1992, the Association aims to promote co-operation between insurance regulators around the world. It also seeks to maintain just and efficient insurance markets for the benefit and protection of policyholders.

The Association is led by an Executive Committee that is supported by a Technical Committee and the Emerging Markets Issues Committee. Subcommittees have been appointed to deal with:

- Insurance Laws, Regulations and Practices
- Supervision of Conglomerates
- Exchange of Information
- Insurance Fraud
- Derivatives
- Education

Officially opening the Conference, Assistant Federal Treasurer Senator Rod Kemp, outlined the significant progress made by the Association in its first full year of operation under its expanded charter. Noting the support given to the Association by the Basle Committee and the International Organization of Securities Commissions (IOSCO), Senator Kemp also paid tribute to the work of the various committees.

Senator Kemp encouraged the continuation of such work which he said would be recognised by other regulatory bodies and the insurance industry.

The Assistant Federal Treasurer also noted the need for co-ordination of supervision between the different parts of the finance sector if the risks of contagion were to be avoided.

The Senator acknowledged the contribution made to international supervision by Australia, particularly by its retiring Chairman of the Executive Committee, George Pooley.

Senator Kemp said he hoped such work and contribution by Australia would continue.

The Sydney Conference was hosted by the Chairman of the Executive Committee, George Pooley of Australia. Mr Pooley described the International Association of Insurance Supervisors this way “The IAIS is a lively dynamic organization which has begun to produce standards that should improve insurance supervision around the world. Its committees are imbued with a sense of urgency, have the necessary enthusiasm, supervisory skills, and the willingness to work for the Association, to ensure that IAIS will fulfil its work program
contributing to the future stability of the financial system.”

The Sydney Conference focused primarily on the growing internationalisation of insurance supervision and the need for co-operation and co-ordination between insurance, banking and securities supervisors.

Major reforms approved by the Conference included:
- significant progress towards developing broad principles or standards for insurance supervision; improving co-operation with the Basle Committee of Banking Supervision and the International Organization of Securities Commissioners (IOSCO); and
- agreeing to establish a permanent Secretariat in Switzerland.

**New Standards For Insurance Supervision**

Two key papers approved by the Conference reflected the international focus and progress made by the IAIS toward developing meaningful international standards.

The first paper, *Insurance Supervisory Principles* lists matters that should be addressed in legislation or regulation in each jurisdiction.

The IAIS agreed:
- companies writing insurance should be licensed and monitored. The supervisor should assess the suitability of owners, directors and senior management; a business plan and financial statements, a capital plan and solvency margins should all be taken into account.
- responsible corporate governance, prudential rules limiting or managing risk exposures, on-site inspections, sanctions and appropriate co-ordination between insurance supervisors should all form part of the process.

These broad principles or standards also provide a framework for the immediate development of more detailed international standards.

A second paper, the *Principles Applicable to the Supervision of International Insurers and Insurance Groups and their Cross-Border Establishments*, recommends:
- no foreign insurance establishments should escape supervision;
- all insurance establishments of international insurance groups and international insurers should be subject to effective supervision; and
- the creation of a cross-border insurance establishment should be subject to consultation between the host and home supervisors.

A third paper, *Guidance on Insurance Regulation and Supervision for Emerging Market Economies*, seeks to encourage supervisors in emerging markets to move from their present degree of regulation towards the broad principles, or level one standards, specified in the first paper.

It also describes general characteristics of insurance markets in emerging economies, addresses measures to solve the problems and how to develop such measures.

It is intended that the Emerging Market Issues Committee and the Education Subcommittee of the IAIS will play a key role promoting and fostering the principles and measures dealt with in the paper.
In addition, a Memorandum of Understanding (MoU) was approved to facilitate the exchange of information between supervisors. It is intended to provide a model which can be used and adopted when supervisors negotiate bilateral exchange of information agreements.

According to IAIS by-laws the three papers are not mandatory for IAIS members. It is for the supervisor in each jurisdiction to adopt the standards or accept the guidance in whole, in part, or not at all.

Even so, the IAIS will be asking members to assess the extent to which they comply with the new guidelines.

The draft MoU recognises the increasing international activity in insurance markets and the need for mutual co-operation between regulators to improve their effectiveness when administering and enforcing insurance laws.

A copy of each of the three papers and the MoU is attached for further information. The Association regards the three papers and the MOU as significant progress and achievement over the past 12 months. They also lay a foundation and structure for further progress.

Other important issues dealt with at the Conference included:
- plenary session on Co-operation Between Regulators;
- panel discussions on The Role of The Actuary, Licensing Criteria, Insurance and The Internet and Financial Reinsurance; and
- workshops dealing with matters such as Disclosure Standards and Market Practices for Life Insurance and Insurance Fraud.

**Coordination With Other Supervisors**

Guest speaker Mr Anthony Neoh, SC, Hong Kong, China, Chairman of the IOSCO Technical Committee told the Conference of the need for co-operation between financial regulators in an increasingly complex and rapidly evolving financial world.

Mr Neoh’s comments are consistent with the Association’s emphasis on establishing and developing its links with other international bodies in the finance sector, particularly the Basle Committee on Banking Supervision and IOSCO.

Insurance groups are operating increasingly in multiple jurisdictions. This raises the spectre of regulatory arbitrage by companies seeking bottom level standards and the potentially rapid transmission of shocks in crisis situations.

On a more positive note, it raises the desirability of a high level of uniformity and consistency for the benefit of insurers operating in many jurisdictions. There is considerable potential for economies and efficiencies in supervision across jurisdictions benefiting insurers and consumers.

Because there are no international laws governing insurance country differences arise in accounting standards, exit procedures and in supervisory rules. Harmonisation of standards and mutual recognition are therefore desirable if international financial stability is to be sustained.

Better co-operation between regulators is essential if financial conglomerates are to be well regulated. There are definite synergies between the ways in which prudential supervision is,
or can be, carried out in the different sectors.

Many of regulatory tools in the financial sector are common to the regulation of banks, insurers and securities houses. For example, licensing and powers to investigate and intervene, requirements to provide the supervisor with regular financial reports, the need for on-site inspections, internal control, disclosure standards, auditing requirements and so on.

For these reasons IAIS has taken positive steps to forge closer relations with the Basle Committee and IOSCO.

The IAIS is a new organization. The Sydney Conference put in place structures which will enable the IAIS to further build and strengthen its co-operation with the Basle Committee and IOSCO.

Changes To By-Laws

The Association amended the by-laws to increase the size of the Executive Committee, to support the location of the Secretariat in Basle Switzerland and to allow multiple memberships (such as the United States). Proposals relating to the question of country or geographic representation were deferred for further consideration.

Appointment Of The Secretary-General

The IAIS has recruited a Secretary-General of high calibre who will make a major contribution to the development of the Association. Dr Knut Hohlfeld, the President of the German Insurance Supervisory Office will take up the position, to be located in Basle, Switzerland, 2 January 1998.

It is intended to appoint a Deputy Secretary-General by mid 1998.

The appointment of a full-time Secretariat for the IAIS will strengthen the Association, improve the standard of service to members and accelerate the development of standards.

Work of the IAIS is directed by an Executive Committee, which is to be chaired from 4 September 1997 by Mr John Thompson, the current Vice Chairman. Mr Thompson is Deputy Superintendent, Office of the Superintendent of Financial Institutions, Canada.

The Association has a heavy program for the development of standards and improved training for supervisors for the next 12 months.

Work on the following standards is to proceed immediately:

- direct insurance and reinsurance;
- guidelines on market conduct;
- licensing, including fit and proper persons tests;
- on-site inspections; and
- solvency of life and general insurers.

Work is proceeding on derivatives, further consideration is to be given to the presentation of IAIS papers and a self assessment process is being developed for IAIS members.
The Association's work program also includes two regional seminars for the improvement of supervisory standards in emerging markets. The Association is in contact with a number of institutions to seek assistance with funding.

All committees face a substantial work programs, including the subcommittee on Derivatives which has a draft standard close to completion.

The Association’s next Annual Conference will be hosted by Mexico in September 1998.
Joint Forum on Financial Conglomerates

19th February 1998

The Basle Committee on Banking Supervision (Basle Committee), the International Organization of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS) announce the release of consultation documents prepared by the Joint Forum on Financial Conglomerates (Joint Forum) on the supervision of financial conglomerates. Background information on the Joint Forum is set out in the attached short explanatory document.

The papers prepared by the Joint Forum address important issues that arise for supervisors, in each of the banking, securities and insurance sectors, of legal entities residing within financial conglomerates and, in particular, provide concrete proposals for facilitating the exchange of information and for enhancing co-operation between supervisors. A synopsis of the documents forming the consultation package is set out in the attachment.

The Basle Committee, IOSCO and IAIS stress the working paper nature of the documents and invite comments which will be taken into account in the evolution of these papers and in the implementation of supervisory guidance. The input from both the industry and the supervisory community in each sector will also influence the continuing work of the Joint Forum in addressing supervisory issues that arise from the continuing emergence of financial conglomerates and the blurring of distinctions between the activities of firms in each financial sector.

The consultation documents are being distributed by each of the Basle Committee, IOSCO and IAIS to the industry and to the supervisory community in each sector.

The International Association of Insurance Supervisors invites feedback on the papers of the Joint Forum. The Joint Forum documents are accessible on the BIS Website (http://www.bis.org). Comments and feedback should be provided by 31st July 1998.
Global Round Table on the Year 2000

9th April 1998

On 8th April the Bank hosted a Round Table on the Year 2000, jointly sponsored by the Basle Committee on Banking Supervision (Basle Committee), the Committee on Payment and Settlement Systems (CPSS), the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO). The meeting was attended by more than 200 senior executives (from 52 countries) representing a variety of public and private sector organisations in the financial, information technology, telecommunications and business communities around the world.

In 1997, the sponsoring organisations each took initiatives to raise awareness of the issues surrounding the century date change, enhance disclosure and prompt appropriate action within the financial industry. The sponsors' decision to organise the Round Table was motivated by their recognition of the seriousness of the challenges posed by the century date change in IT applications and of the potentially severe consequences in the financial markets associated with a lack of Year 2000 readiness. The discussions at the conference focused on the increasing challenges presented by the century date change, with specific emphasis on the identification of initiatives that need to be taken in order to ensure that financial market participants and the interconnected infrastructures around the world can continue to function without major disruptions during the transition to the new millennium.

The discussions at the Round Table confirmed that the Year 2000 issue needs to remain a top priority of senior management and emphasised that private and public sector bodies should coordinate their focus on a number of important issues and approaches. These include the continuing need to ensure strengthening and widening of external testing programmes, improving information sharing among market participants and their vendors and service providers, fostering increased disclosure by financial and non-financial corporations of their Year 2000 readiness and testing results, establishing market conventions and procedures for dealing with potential contingencies, and reinforcing the role of oversight bodies such as supervisors and auditors. The importance of thorough testing, both internally and with counterparties, was emphasised as the most effective way to ensure that problems are minimised.

Sponsors' recommendations

1. Awareness of the seriousness and scope of the problem is high but varies considerably across markets and institutions worldwide. The sponsors believe that it is imperative that all market participants, and especially financial market supervisors, work to ensure that Year 2000 preparations receive the maximum senior management attention and priority, including at the board of directors level. In particular, market participants from regions that have not yet vigorously tackled the problem should consider the need to invest significant resources in the short time that remains.

2. Testing for Year 2000 readiness is the most critical and complex issue facing the financial industry. Because widespread testing has not yet begun, the extent of the problems and the amount of remediation work that remains is unclear. The sponsoring organisations urge market participants to explore ways to enhance the
transparency of testing results.

3. The sponsors consider it critical that financial market supervisors around the world implement programmes that enable them to assess the Year 2000 readiness of the organisations and market infrastructures that they supervise. Further, it is important for supervisors to ensure that the risks related to the century date change are identified, properly communicated among market participants and appropriately managed in their jurisdiction.

4. The sponsoring organisations agree that the highest possible priority should be given to Year 2000 preparations by telecommunications and electricity providers in each national jurisdiction. Failure of these organisations to prepare adequately and share information on their plans in order to promote effective testing could lead to serious disruptions in the world’s financial markets.

5. In order to achieve a greater degree of market transparency, the sponsors believe that the sharing of critical information on Year 2000 readiness by all market participants is essential. The sponsors encourage private sector efforts to develop standard questionnaires and frameworks for Year 2000 disclosure as these have the potential to provide clear means for measuring progress.

6. Financial industry conventions and dispute resolution procedures should be developed to address the possibility of transaction failures. Additionally, contingency measures should be considered for the potential failure of key parts of the financial market infrastructure. Further, it is recognised that national payment systems need to coordinate testing schedules in order to provide opportunities for end-to-end testing on a domestic and international basis. The Round Table sponsors welcome and support the initiatives taken by various industry groupings in this respect.

Joint Year 2000 Council

While the sponsoring organisations can raise awareness of the Year 2000 issue, only the private sector can assure that applications are ready and thoroughly tested internally and externally and on an international basis. To this end, several private sector initiatives fostering international coordination and cooperation were identified during the forum. To maintain a high level of attention within the supervisory community and to support and encourage these private sector efforts, the sponsoring organisations are forming a Joint Year 2000 Council comprised of senior members of each committee.

Attached to this communiqué are further details on the discussions and conclusions of the Round Table. The BIS Web site (www.bis.org) contains further information on the Round Table and will be used to provide ongoing information on the activities of the sponsoring organisations and of the Joint Year 2000 Council.
Joint Year 2000 Council

19th May 1998

On the occasion of the Round Table on the Year 2000 held at the Bank for International Settlements (BIS) on 8th April 1998, the committees sponsoring the event agreed to establish a Joint Year 2000 Council. The Council is constituted by senior representatives of each committee, that is the Basle Committee on Banking Supervision (Basle Committee), the Committee on Payment and Settlement Systems (CPSS), the International Association of Insurance Supervisors (IAIS), and the International Organization of Securities Commissions (IOSCO). Mr. Ernest Patrikis, First Vice President, Federal Reserve Bank of New York, chairs the Council and its secretariat is provided by the BIS.

The Council intends to meet regularly and has agreed on a range of initiatives to ensure a high level of attention on the Year 2000 computer challenge within the global financial supervisory community, to share information on regulatory and supervisory strategies and approaches, to discuss possible contingency measures, and to serve as a point of contact with national and international private-sector initiatives.

At their meeting in London in early May, the G-7 finance ministers called on the Council and its sponsoring committees to monitor the Year 2000-related work in the financial industry worldwide and to take all possible steps to encourage readiness.

A fact sheet presenting the Council’s objectives and projects as well as its membership is attached. Information regarding the Council’s ongoing activities will be posted on the BIS Web site (www.bis.org).
Joint Year 2000 Council
Fact Sheet

The mission of the Joint Year 2000 Council is:

- to ensure a high level of attention on the Year 2000 computer challenge within the global financial supervisory community;
- to share information on regulatory and supervisory strategies and approaches,
- to discuss possible contingency measures; and
- to serve as a point of contact with national and international private sector initiatives.

The Joint Year 2000 Council is sponsored jointly by:

- the Basle Committee on Banking Supervision;
- the Committee on Payment and Settlement Systems (CPSS);
- the International Association of Insurance Supervisors (IAIS); and
- the International Organisation of Securities Commissions (IOSCO).

The Secretariat for the Joint Year 2000 Council is provided by the Bank for International Settlements (BIS). Information from the Council will be made available on the BIS Web site (www.bis.org).

The projects envisaged by the Joint Year 2000 Council include:

- providing a forum for the disclosure of the status of global financial market preparations for the Year 2000;
- encouraging all payment and settlement systems, clearing houses, exchanges and other parts of the global financial market infrastructure to make publicly available information on their preparatory efforts and testing programs;
- meeting regularly with an external consultative committee composed of organisations or associations with an international perspective on Year 2000 preparations;
- developing a global supervisory contact list for the Year 2000 challenge that includes a coordinating contact covering as many countries as possible;
- supporting, co-sponsoring and providing assistance in planning further conferences and roundtables on the Year 2000 challenge in different regions of the world;
- facilitating exchanges of information related to Year 2000 testing programs within the international financial community;
- encouraging coordinated cross-border testing to the maximum extent possible;
- developing a series of publicly available working papers on different aspects of the Year 2000 challenge;
- facilitating the sharing of information on Year 2000 preparations by core infrastructure providers such as telecommunications, electric power and government utilities, as they relate to preparations by financial market participants;
- sharing and developing ideas on contingency measures appropriate for individual firms and domestic markets;
- serving as a point of contact for the coordination of international contingency efforts; and
- encouraging the development of and the global sharing of plans for market conventions and dispute resolution procedures designed to mitigate the effect of Year 2000 transaction failures.
Members of the Joint Year 2000 Council

Chairman
Mr. Ernest T. Patrikis
Federal Reserve Bank of New York

Basle Committee
Mr. Marcel Maes
Banking and Finance Commission, Belgium

Mr. José Florencio Guzman
Instituciones Financieras de Chile

Mr. Huw Evans
Bank of England

CPSS
Mr. Carlo Tresoldi
Banca d'Italia

Mr. Jammaz Al-Suhaimi
Saudi Arabian Monetary Agency

Mr. Philip Tromp
South African Reserve Bank

IAIS
Mr. Richard Smith
Insurance and Superannuation Commission, Australia

Mr. Tarmo Pukkila
Ministry of Social Affairs and Health, Finland

Mr. Bertrand Labllooy
Ministère de l'Economie et des Finances, France

IOSCO
Mr. George Wittich
Federal Securities Supervisory Office, Germany

Mr. Masayuki Tamagawa
Securities Bureau o: the Ministry of Finance, Japan

Dr. Munir-Majid
Malaysian Securities Commission

Ex officio
Chairman of the Basle Committee
Chairman of the CPSS
Chairman of IAIS
Chairman of IOSCO

Please address inquiries to:
Joint Year 2000 Council Secretariat
Paul Van den Bergh
Bank for International Settlements
Centralbahnplatz 2, CH-4002 Switzerland

Telephone Number: +41 61 280 8432
Fax Number: +41 61 280 9100
Email: paul.van-den-bergh@bis.org
Joint Year 2000 Council

6th July 1998

The Joint Year 2000 Council strongly recommends that all countries develop a national strategy with respect to the Year 2000 problem. The Council expects that the establishment of coordinated national strategies will produce efficiencies and accelerate the action necessary to address the Year 2000 problem in the short amount of time that remains before the millennium change. In many countries meaningful initiatives are already being taken in various sectors. However, the seriousness of the potential consequences of failing to adequately meet the Year 2000 challenges and the complexity of developing solutions to avoid major disruptions clearly demands a more coordinated effort across key industries than is currently under way in most countries. One possibility for designing and implementing a national coordinated strategy is the creation of a national government body that would coordinate preparations for Year 2000 readiness across the key industries and infrastructure providers in its jurisdiction.

In many countries financial market regulators have already taken meaningful initiatives to raise the awareness of the Year 2000 problem and to encourage readiness of key components of the financial market infrastructure. Given the importance of financial markets to the economy it is clear that financial market regulators could make an important contribution to the coordination of Year 2000 strategies on a national basis. National governments can play an important role in promoting broad-based awareness at the most senior level of the private and public sector of the potential disruptive effects of the millennium date change; in ensuring that appropriate action is taken by all major institutions in the economy, including utilities, and in coordinating action taken by different industries in both the public and private sector, both domestically and internationally.

Based on the experience of a number of countries which have developed and implemented concerted national Year 2000 strategies, the following tasks could usefully be assigned to a national government coordinating body:

- improving the awareness of the complexity of the Year 2000 challenges in both the private and the public sectors;
- cooperating with relevant private sector organisations to ensure that proper action is taken in all sectors of the economy to achieve Year 2000 readiness by all users of information technology, both large and small;
- paying particular attention to readiness efforts of major utility providers such as electricity companies, telecommunication companies and water suppliers;
- establishing target dates for completing key phases of Year 2000 programmes appropriate for the industry and market;
- evaluating the available human and financial resources to address the Year 2000 problem in key industries;
- ensuring proper action by various government agencies to minimise possible disruptions relating to the millennium date change;
- assessing the possible cross-border aspect of the Year 2000 problem and assisting in the international coordination of national strategies;
- developing and implementing a communications strategy to increase public
confidence as the millennium date change approaches;

- assisting in the coordination of contingency planning in both the private and the public sector.

The Joint Year 2000 Council is engaged in various global Year 2000 initiatives which may be relevant to the development of national coordinated strategies. It is developing a global databank of contacts in individual countries covering government entities, financial market regulators, financial industry associations and infrastructures, utilities and other relevant institutions. The Council also intends to regularly publish policy papers on specific Year 2000 issues. It has recently released a document providing supervisory guidance on the independent assessment of financial institution Year 2000 preparations. Forthcoming papers will cover the scope and impact of the Year 2000 problem; the importance of testing for Year 2000 readiness; disclosure issues; and contingency arrangements.

The Council is engaged in an active dialogue with various international groupings in the private and public sector in order to share information and coordinate Year 2000 readiness efforts as much as possible. The Council welcomes the efforts by the World Bank to develop a framework for the design of national Year 2000 programmes and to assist countries in implementing it.

Note for editors:

The Joint Year 2000 Council is sponsored by the Basle Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the International Association of Insurance Supervisors, and the International Organization of Securities Commissions. The Secretariat for the Council is provided by the Bank for International Settlements. Information on the Council's objectives and activities can be found at the BIS Web site (www.bis.org). The G-7 Finance Ministers have welcomed the establishment of the Council and have recommended that it take any appropriate action to ensure worldwide attention to the Year 2000 challenge.
Federal Reserve Governor Roger W. Ferguson, Jr

to chair Joint Year 2000 Council

21st July 1998

The sponsoring organisations of the Joint Year 2000 Council announced today that Roger W. Ferguson, Jr. will succeed Ernest T. Patrikis as Chairman of the Council with immediate effect. Governor Ferguson is a member of the Board of Governors of the Federal Reserve System.

The Joint Year 2000 Council, formed in April 1998, comprises senior representatives of its four sponsoring organisations: the Basle Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the International Association of Insurance Supervisors and the International Organization of Securities Commissions.

Governor Ferguson took office as a member of the Board of Governors of the Federal Reserve System in November 1997. Since that time, he has been closely involved in the Federal Reserve’s preparations to meet the Year 2000 computer challenge, taking a particular interest in Federal Reserve contingency preparations.

In announcing his appointment, the chairmen of the four sponsoring organisations said that they believe Governor Ferguson has the right mix of skills and energy to continue the good work of the Joint Year 2000 Council in assisting international financial sector preparations for Year 2000 readiness. According to William J. McDonough, President of the Federal Reserve Bank of New York and Chairman of the Basle Committee on Banking Supervision, “Roger Ferguson has an enormous capacity to understand the many different aspects of this issue and how the public and private sectors can best work together to tackle them in the short time that remains.”

“I am pleased to have been selected to chair the Joint Year 2000 Council. Preparing for the Year 2000 is of vital interest globally”, said Governor Ferguson. “I am eager to work with the Council to help provide guidance to and assistance for supervisors and financial market participants in all countries regarding the steps they need to take to meet the challenge.”

Governor Ferguson was born on 28th October 1951 in Washington, D.C. He received a B.A. in economics (magna cum laude) in 1973, a J.D. (cum laude) in 1979 and a Ph.D. in economics in 1981, all from Harvard University. From 1973 to 1974 Governor Ferguson was Frank Knox Fellow at Pembroke College, Cambridge University.

Before becoming a member of the Federal Reserve Board, Governor Ferguson was a partner at international management consultants McKinsey & Company, Inc. Based in New York City, he managed a variety of studies for financial institutions from 1984 to 1997. Governor Ferguson also served as Director of Research and Information Systems, overseeing a staff of 400 research professionals and managing the firm’s investments in knowledge management technologies.

From 1981 to 1984 Governor Ferguson was an attorney at the New York City office of Davis Polk & Wardwell, where he worked with commercial banks, investment banks and Fortune 500 corporations on syndicated loans, public offerings, mergers and acquisitions and new product development.
Notes for Editors

The purpose of the Joint Year 2000 Council is to ensure a high level of attention to the Year 2000 computer problem on the part of the global financial supervisory community, to share information on regulatory and supervisory strategies and approaches, to discuss possible contingency measures and to serve as a point of contact with national and international private sector initiatives.

The Secretariat for the Joint Year 2000 Council is provided by the Bank for International Settlements (BIS).

Information on the Council’s activities is available on the BIS Web site (http://www.bis.org).

Mr. Patrikis, the initial Chairman of the Council, has resigned his post as First Vice President of the Federal Reserve Bank of New York to take up a position in the private sector.