

# CAA News

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## Executive Council

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Derek Osborne

*First Vice President*  
Winston St. Elmo Whyte

*Second Vice President*  
Lisa Wade

*Secretary / Treasurer*  
Marcia Tam-Marks

*Council Members*  
Andy Gallagher  
Rishie Parbhudayal  
Willard Brown

*Student Representative*  
Simone Davis

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## 17<sup>th</sup> Annual CAA Conference 6<sup>th</sup> – 8<sup>th</sup> Dec 2007 Bahamas 'The Changing Risk Pool'

### . Conference Update

The CAA's 17<sup>th</sup> Annual Conference to be held at Atlantis Paradise Island in The Bahamas is only 4 weeks away! We hope that by now you have registered and made your hotel reservations. If not, you still have some time but

we encourage you do to so as soon as possible.

The updated program and most of what you need to know about the conference can be found on our website at

[http://www.caa.com.bb/files/CAA\\_2007\\_Provisional\\_Programme\\_v2.pdf](http://www.caa.com.bb/files/CAA_2007_Provisional_Programme_v2.pdf)

Here are a few additional bits of information that you should be aware of:

- Complimentary transportation from the airport to the hotel will be provided for persons arriving on Wednesday December 5 and then from the hotel to the airport for those leaving on December 9.
- The registration desk will be open from 3pm on Wednesday December 6 and the first event, a welcome reception, will be held on Wednesday evening at 7pm..
- Organised Saturday events will end at lunchtime. We will begin the day with Bahamian breakfast, followed by a Swiss Re panel discussion of "hot topics" and finally a personal development workshop entitled "Festival in the Workplace."
- The dress code for conference sessions is business casual (no shorts or jeans) and elegantly casual for evening events.
- As evening events will be held outdoors and it could get a little chilly in The Bahamas in December, we will provide a weather update a few days before the conference.
- You should make your hotel reservations as soon as possible as most of the rooms have already been booked and reservations will be based on availability at the time of booking.

If you have any questions or wish that any special arrangements be made please contact DeAndrea Lewis at (242) 396-2117 or at: [DeAndrea.Lewis@colinaimperial.com](mailto:DeAndrea.Lewis@colinaimperial.com)

So mark your calendar and plan to attend this year's conference! The [Registration Form](#) for the conference and reservation details for Atlantis are available on our website [www.caa.com.bb](http://www.caa.com.bb) and for a sneak preview of the Atlantis, visit [www.atlantis.com](http://www.atlantis.com).

### Programme highlights:

- ✚ **Jim Murta**, President of the Canadian Institute of Actuaries gives us some practical insight into Enterprise Risk Management
- ✚ **Bruce Schobel**, President of the Society of Actuaries will tell us about the Education Redesign being done by the Society of Actuaries
- ✚ **Stewart Ritchie**, President of the Faculty of Actuaries, will offer insights into the implications of longevity trends for pension funding
- ✚ Find out the impact that consolidation of the Life Insurance Industry has had in the Caribbean
- ✚ The opportunity to sit face to face with Caribbean regulators
- ✚ Students will have the opportunity to talk to examiners and graders from the Institute of Actuaries and the Society of Actuaries
- ✚ A diverse programme covering topics such as Pandemic coverage, Predictive modelling, National Health Insurance initiatives in the Caribbean and a variety of Pension topics
- ✚ Great Caribbean cuisine, hospitality and entertainment



### PROPOSED CAA DISCIPLINARY PROCESS

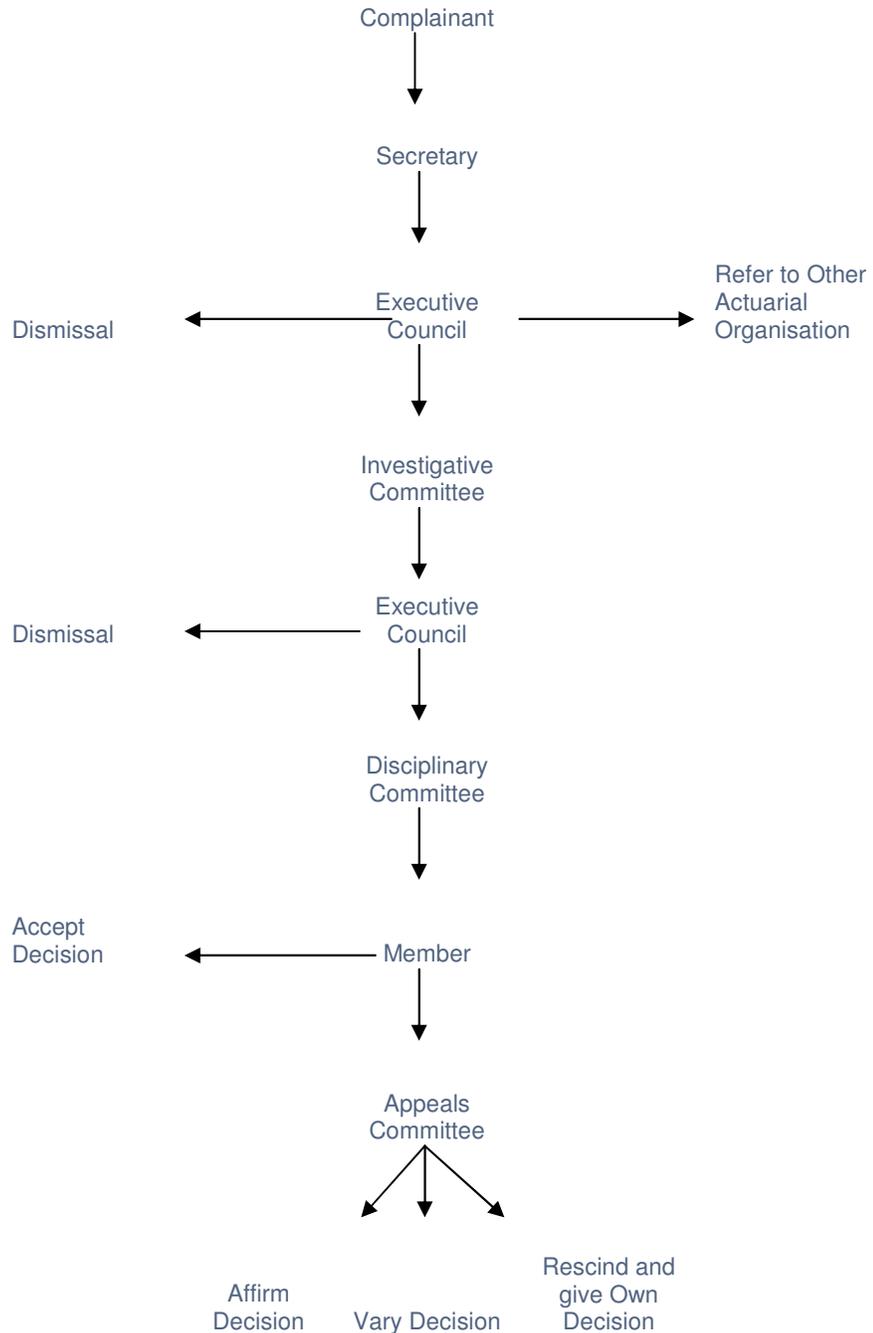
### PROPOSED CAA DISCIPLINARY PROCESS

One of the agenda items at this year's AGM will be a vote to adopt a Disciplinary Process for the CAA. Having a Disciplinary Process is one of the requirements for Full Membership of the International Actuarial Association. Other requirements include having a Standards of Practice, a Code of Conduct and certain educational requirements. We have recently submitted the draft Disciplinary Process and copies of other documents for initial review by IAA's Accreditation Committee.

Developing a process for dealing with complaints brought against members has been discussed on several occasions over the past few years and last year a subcommittee headed by Janet Sharp, prepared a first draft of Disciplinary Procedures. Several revisions have since been made after receiving comments from members during and since the 2006 conference in Suriname. The most recent draft was exposed for several months and the version we will vote on at the AGM will be circulated by November 7<sup>th</sup>. We encourage all members, even those who will not be attending this year's conference, to read the proposed procedures and get familiar with them.

A schematic summary of the proposed disciplinary process follows.

### Proposed Disciplinary Process



#### **Proposed Disciplinary Action**

Section 7.3

The following disciplinary action may be taken:

- a) a public reprimand by the CAA;
- b) suspension from the CAA;
- c) expulsion from the CAA;
- d) completion of one or more courses of instruction prescribed by the Disciplinary Committee;
- e) payment of all or part of the expenses incurred by the CAA (including legal costs) in relation to the complaint.

## **CAA Elections 2007 - Elections For Council Positions**

At the CAA's Annual General Meeting that is carded for December 7, 2007, elections for all but two Executive Council positions will be held. The incoming President, Winston St. Elmo White, was elected two years ago and the current President, Derek Osborne, will remain on Council for two more years as Immediate Past President. The six positions that will be voted on are:

Vice President

President Elect

Secretary/Treasurer

Student Representative

2 Additional Council Members

Council members serve for two years and put simply, the Council manages the affairs of the Association.

Serving on Executive Council is a great way to contribute to the growth and development of the profession in the region and the CAA. Do you have a desire to serve? Do you want to influence the future of the CAA? Do you want an opportunity to interact and network with international actuarial organisations to promote the CAA and the profession? Are you willing to give of your time to serve the organisation? Do you have a desire to guide and mentor the students in the CAA? Then you should give serious consideration to serving on the Executive Council.

The CAA is at a turning point in its 18 year history as we are now poised to apply for full membership in the International Actuarial Organisation (IAA) in the coming year.

The work as a Council member is indeed challenging but it is rewarding. It's time to serve! We therefore encourage you to consider serving on Council for the next two years.

We will be accepting nominations for each position prior to the AGM so if you wish to nominate yourself or a colleague, please e-mail Marcia Tam-Marks at [marciatammarks@analytics.co.tt](mailto:marciatammarks@analytics.co.tt)



## **CAA Constitutional Amendments**

At the last CAA Annual General Meeting held in Suriname in December 2006, a set of amendments to the CAA Constitution was voted on and passed. However, a procedural error was made in that a minor change was suggested and accepted at the meeting prior to the vote. As a result, the complete set of amendments that was passed did not receive the 21 days of prior exposure that is stipulated in our Constitution.

The minor change referred to was the wording in the definition of Affiliate Member which was changed from

“not practicing **or** non-resident in the Caribbean”

to

“not practicing **nor** non-resident in the Caribbean”

The first phrase was what was circulated and the second phrase was the one approved.

Therefore, the set of amendments that was passed at the last AGM, inclusive of the minor change, will be voted on at the upcoming AGM. A copy of the changes and the amended Constitution will be circulated by email.

*Written by:*

*Aftab Ali, FSA*

*Actuary – National*

*Insurance Board of*

*Trinidad and Tobago*

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## **The 7<sup>th</sup> Actuarial Review of the National Insurance System of Trinidad and Tobago as at 30 June 2005**

The Financial, Actuarial and Statistical (FACTS) Branch of the International Labour Office (ILO) recently submitted the final report on Phase I of the 7<sup>th</sup> Actuarial Review of the National Insurance System (NIS) as at 30 June 2005. The conduct of this actuarial review is in compliance with Sections 22 (1) and 70 (1) of the National Insurance Act, Chapter 32:01.

The main objectives of the 7<sup>th</sup> actuarial review are to evaluate the financial status and assess the long-term financial sustainability of the NIS while maintaining an adequate level of insurance protection to the insured population and its dependants. In addition, the ILO also conducted analyses into the feasibility of modifying several benefit provisions in response to requests by the Board of Directors, tri-partite stakeholders and the general public.

In reviewing the past performance of the NIS over the inter-valuation period 2001 to 2005, the NIS outperformed the forecasts from the 6<sup>th</sup> Actuarial Review which was conducted as at 30 June 2000. With regards to the insurable population, the actual number of contributors and beneficiaries exceeded the 6<sup>th</sup> actuarial review projections over the inter-valuation period. On the revenue accounts side, contribution income, investment income and benefit expenditures exceeded projections. Administrative expenses exceeded projections in 2001/02 and 2003/04. This was largely attributed to the settlement of salary negotiations and payment of retroactive salaries for the periods 1999-2001 and 2002-2004. On the balance sheet side, assets grew more rapidly than forecasted and there was significant growth in the benefit funds and reserves. The ILO actuaries consider the financial situation as at 30 June 2005 to be at least equivalent to the forecasts from the 6<sup>th</sup> actuarial review and have therefore concluded that (a) the NIS is operating on a sound financial basis and (b) the NIS is able to meet its current commitments to its contributors and beneficiaries.

From a demographic perspective, the demographic projections assume low birth rates, an increasing life expectancy that takes the HIV/AIDS pandemic into account and zero net migration rates. From an economic standpoint, the projections reflect a burst of short-term economic growth followed by a favourable long-term economic outlook.

The main findings of the NIS demographic projections significantly emphasize the Ageing Population Syndrome and the on-going maturing of the NIS. While the size of the general population is expected to increase by around 11% by 2055, the number of pension-age persons will practically triple, the number of children will significantly decrease by around 21% and the number of contributors will decline by around 10% over the same fifty (50) year period.

The Ageing Population Syndrome and the maturing process will have a material impact on the NIS demographic profile of future contributors and pensioners as (a) the number of pensioners continue to grow rapidly relative to the number of contributors, (b) lifetime pensions will be payable over longer periods of time and (c) the pensioner support ratio is projected to move from about four (4) contributors per pensioner in 2007 to about one (1) contributor per pensioner by 2055.

Stakeholders' proposals on improvements to current benefit provisions were taken into consideration in order to assess the long-term financial sustainability of the NIS as a result of implementing these proposals. The results of the financial projections show total income exceeding total expenditures until around 2037 with assets continuing to build up to a maximum level of about \$100b by 2037. After 2037, total expenditures begin to exceed total income and assets will then have to be sold to meet the resulting deficit from operations. Continuous liquidation of the assets results in depletion of the National Insurance Fund by 2048.

Notwithstanding the above, the projected depletion of the National Insurance Fund by 2048 will not occur since actuarial reviews will continue to be conducted at regular intervals in accordance with the NI Act, so that corrective measures can be taken. It has been highly recommended that financing requirements for more funding into the pool be strengthened now so as to ensure the long-term financial sustainability of the NIS.

Arising out of the findings of the 7<sup>th</sup> actuarial review, the following changes to NIS provisions have been recommended by the ILO actuaries, approved by the Board of Directors and passed in the Lower and Upper Houses in Parliament. These recommendations are to be implemented from 07 January 2008 and are as follows:

#### **FINANCING PROVISIONS**

- Increase the earnings ceiling from \$4,377.00 per month to \$8,300.00 per month
- Increase the number of earnings classes from 12 to 16
- Increase the lower and upper limits of earnings in each class by 25% (i.e., widen the salary range)
- Increase the contribution rate in three steps as follows:
  - 10.5% of insurable earnings as of 07 January 2008,
  - 10.8% of insurable earnings as of 04 January 2010, and
  - 11.4% of insurable earnings as of 02 January 2012.

#### **BENEFIT PROVISIONS**

- Increase the minimum Retirement Pension from \$1,000.00 per month to \$2,000.00 per month
- Increase the minimum Retirement Grant from \$200.00 to \$2,000.00
- Increase the Maternity Grant from \$2,000.00 to \$2,500.00
- Pay a Maternity Grant on the basis of father's contributions where a mother does not qualify
- In the case of multiple births, pay a Maternity Grant for each birth
- Increase the minimum Child Allowance from \$320.00 per month to \$400.00 per month
- Increase the minimum Orphan Allowance from \$640.00 per month to \$800.00 per month
- Implement a minimum monthly Widows Pension at \$400.00
- Implement a minimum monthly Widowers Pension at \$400.00
- Implement a minimum monthly Parent Pension at \$200.00
- Cover the costs of Magnetic Resonance Imaging up to \$2,000.00 per examination per body part and for a limit of two (2) examinations
- Increase the maximum amount for the reimbursement of medical expenses

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STUDENTS**

- from \$18,000.00 to \$22,500.00
- Increase the Funeral Grant from \$4,000.00 to \$5,000.00, and
- Increase all other benefit rates by approximately 25%.

**OTHER KEY AMENDMENTS**

- Increasing the fine upon summary conviction from \$3,000.00 to \$10,000.00 for:
  - Providing information that is misleading, false or deceptive, and
  - Obstructing an NIBTT authorized officer in the performance of his statutory duties (as guided by a similar provision in the Income Tax Act)
- Increasing the term of imprisonment from six (6) months to two (2) years upon summary conviction for persons providing misleading, false or deceptive information to the NIBTT for the purpose of falsely obtaining a benefit
- Implementing a penalty charge of 100% on NIS contributions outstanding for five (5) years or more.

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**SAGICOR SUPPORT for UWI ACTUARIAL SCIENCE PROGRAM**



**Andre LaFond, Executive Vice President & Chief Actuary Sagicor Life in Barbados presents a cheque of US\$5,000 to Lisa Wade, 2<sup>nd</sup> Vice President CAA and Simone Davis, Student Representative CAA**

Sagicor Life in Barbados has answered the call to support the Actuarial Science programme at the University of the West Indies in Mona Jamaica. Sagicor donated US\$5,000 to the CAA which is to be used for the benefit of the students writing for a degree in Actuarial Sciences at the University.

## IN REMEMBRANCE



### **Stephen Alleyne**

The Caribbean Actuarial Association was saddened to learn of the passing of Stephen Alleyne BSc FFA. Stephen was a founding Member of the Association. He served on its Executive Council from 1992 to 1998 holding several positions including 1<sup>st</sup> Vice President. He was also a regular speaker at our annual conferences.

He graduated from Herriot-Watt University, Edinburgh, Scotland after which he joined The Scottish Life Assurance Company and qualified as Fellow of the Faculty of Actuaries in 1987.

Stephen made a sterling contribution to the development of actuarial science in the region. He was the first qualified Barbadian actuary to serve as the Appointed Actuary to a local insurance company. He was also the first Barbadian actuary to head an insurance company when he became President and Chief Executive Officer of Life of Barbados Limited in 1998.

He was Deputy Chairman of Barbados' National Insurance Board from 1994 to 2005. During this time he served as Chairman of the Sub-Committee for Pension Reform and was instrumental in the successful implementation of major reforms in Barbados' social security system.

Stephen's contribution to the development of the profession also lay in his willingness to mentor young actuaries, many of whom owe him a debt of gratitude for inculcating in them the traits that make good professionals.

Stephen was also a cricket administrator and made a priceless contribution to both Barbados and West Indies cricket having recently served as the President of the World Cup Barbados Organising Committee. The Association extends its condolences to his wife Yolanda, their daughters and the rest of his family. May he rest in peace.