

# THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS)

SUMMARY RECORD FOR IOPS TECHNICAL COMMITTEE MEETING

13<sup>th</sup> November 2007

Beijing, China



## **INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS SUMMARY RECORD IOPS TECHNICAL COMMITTEE MEETING**

**Tuesday, 13<sup>th</sup> November 2007**

### **1. Administrative Issues**

The Committee:

- Thanked the CIRC for hosting the IOPS annual meetings;
- Approved the summary record of the previous meeting IOPS/TC(2007)7 and noted a change to the minutes of the Amsterdam meeting from Germany;
- Approved the draft agenda IOPS/TC(2007)16.

### **2. Tour d'Horizon**

The Committee:

- Held a discussion on the impact of the recent financial market problems on pension funds, including the activities undertaken by supervisory authorities (mostly via increasing reporting and stress testing). Delegates concluded that, although pension fund direct exposure is limited and the impact has so far been small, problems may yet arise as embedded exposure to sub-prime assets come to the surface;
- Were informed of a seminar held at the OECD during July 2007 on pension funds guarantee schemes. One topic discussed, which was of particular relevance to IOPS members was how pension supervisory authorities need to interact with such schemes in order to avoid moral hazard and ensure that levies are kept affordable and charged efficiently;
- Received a presentation from the Dutch delegation regarding how 'conditional indexation' of pension benefits is presented to scheme members (via a boat imagery);
- Received an update from the Macedonia delegation, informing members that the law introducing voluntary pensions has been passed and that these funds will become operational during the first half of 2008.

### **3. Guidelines**

The Committee:

- Heard presentations from the Austrian and UK delegations regarding the pension supervisory approach in their countries (available on the IOPS website);
- Discussed the draft '*Guidelines for the off-site supervision and in-depth investigation of pension funds*' (IOPS/TC(2007)16). Comments made during the meeting, and written comments received before the **14<sup>th</sup> December** will be included in a new draft to be circulated to members ahead of the April meeting in Washington. This draft will be sent to the IAIS for

comment, and a final version drafted at the June meeting in Paris for consultation over the summer and approval at the 2008 Annual General Meeting;

- Discussed the draft ‘*Good practices for the Supervision of Pension Fund’s risk management for Alternative Investments*’ (IOPS/TC(2007)10/REV1), presented by the project leader DNB of the Netherlands . Comments made during the meeting and written comments received before **Friday 23<sup>rd</sup> November**, will be included in the final version of the good practices, which will then be publicly released. Delegates also suggested a future ‘stock taking’ exercise to follow up, examining how the good practices operate and are applied in IOPS member countries.

#### 4. Project Update

The Committee:

- Discussed the initial results from the ‘*Costs and Fees*’ project (IOPS/TC(2007)12/REV1). Additional written comments on the initial modelling results should be provided by **14<sup>th</sup> December**. A new draft will be presented at the April meeting, including data from additional countries, sensitivity modelling and greater analysis of the results. Given the sensitivity of the results, delegates will then decide how to release the project’s conclusions;
- Discussed the analytical results of the ‘*DC Information*’ project (IOPS/TC(2006)3/REV5), presented by the project leader, COVIP of Italy. Final comments on the paper should be submitted by the **14<sup>th</sup> December**, and delegates are asked to coordinate, where relevant, with the appropriate conduct of business regulator in their country. A final version of the report will be submitted for approval at the April meeting and then released as an IOPS Working Paper;
- Discussed the initial results from the questionnaire and draft report on ‘*Supervisory Oversight of Pension Fund Governance*’ (IOPS/TC(2007)5/REV2), presented by the project leader, the MPFA of Hong Kong. Comments on the draft paper and additional responses to the questionnaire should be provided by **14<sup>th</sup> December**. A final version of the report will be submitted for approval at the April meeting and then released as an IOPS Working Paper;
- Discussed the initial results from the questionnaire and draft report on ‘*Supervisory Structures*’ (IOPS/TC(2007)6/REV2), presented by the project leader TPR in the UK. Comments on the draft paper and additional responses to the questionnaire should be provided by **14<sup>th</sup> December**. A final version of the report will be submitted for approval at the April meeting and then released as a IOPS Working Paper;
- Discussed the ‘*Cross-border*’ paper (IOPS/TC(2005)8/REV4), prepared by a consultant to the IOPS. It was agreed that the paper would not be released publicly, but that it is an important tool for defining and guiding future IOPS work. Delegates also agreed to return to the topic in 2-3 years to survey developments in cross-border pension provisioning, and to provide updates in the Tour d’Horizon. The importance of cross-border pensions will also be highlighted in the Annual Report;
- Received a background paper on annuity issues prepared by the OECD, and discussed the outline for IOPS projects on the topic (IOPS/TC(2007)17), prepared by the project team, the Office of Insurance and Pension Funds Supervision in Poland, the Hungarian Financial Supervisory Authority and Superintendencia de Administradoras de Fondos de Pensiones in

Chile. The Chilean delegation agreed to prepare an outline paper on the communication of annuity quotes to members of pension funds in time for the April meeting in Washington. Future work on how supervisory authorities from different sectors should communicate regarding the pension payout products was noted as a suggestions for the Programme of Work. The IOPS work will also provide input into the OECD's broad project on annuities.

## 6. Other Issues

The Committee:

- Held an initial discussion of the Programme of Work for 2008-2009, including suggestions for future work raised in the earlier project discussions. Norway agreed to coordinate with the IAA regarding a project relating to mortality tables. A list of potential projects was prepared a for discussion and decisions to be taken at the Annual General Meeting. It was also agreed to keep a 'long list' of all potential projects, allowing them to be revisited in future.
- Agreed to the following meeting schedule for 2008 and draft schedule for 2009.

### 2008

- February 5-6 Dakar, Senegal, African regional workshop
- 1<sup>st</sup> April World Bank Head Quarters, Washington, IOPS Technical + Executive Committee meetings, followed by Contractual Savings Conference 2-4<sup>th</sup> April
- 25<sup>th</sup> June (date tbc), Paris Technical + Executive committee meetings (back to back with OECD WPPP)
- 29-31<sup>st</sup> October, committee meetings, AGM and OECD/ IOPS Global Forum – Mombasa, Kenya

### 2009

- 16<sup>th</sup> February committee meetings, Basel (back to back with IAIS) (*tbc*)
- 6<sup>th</sup> July (*tbc*) committee meetings, Paris (back to back with OECD WPPP)
- Autumn committee meetings + AGM + OECD Global Forum (*tbc*)

**Action Points**

<b>Members Involved</b>	<b>Deadline</b>	<b>Action Required</b>
All members	23th November	Final comments on Alternative Investment good practices
All members	14 <sup>th</sup> December	Comments on the ' <i>Draft guidelines for off-site supervision and in-depth evaluation of pension funds</i> ' (IOPS/TC(2007)16) should be send to the Secretariat
All members	14 <sup>th</sup> December	Comments on the initial modelling results for the ' <i>Costs and Fees</i> ' project (IOPS/TC(2007)12/REV1) should be send to the Secretariat
All members	14 <sup>th</sup> December	Comments on the results of the ' <i>DC information</i> ' project (IOPS(2006)3/REV5) should be send to the Secretariat - <b>NB members are requested, where appropriate, to coordinate with conduct of business supervisors, and other relevant authorities, in their countries</b>
All members	14 <sup>th</sup> December	Comments on the ' <i>Supervisory oversight of pension fund governance</i> ' paper (IOPS/TC(2007)5/REV2) and additional responses to the project questionnaire (IOPS/TC(2007/5/REV1questionnaire) should be sent to the Secretariat
All members	14 <sup>th</sup> December	Comments on the ' <i>Supervisory structures</i> ' paper (IOPS/TC(2007)6/REV2) and additional responses to the project questionnaire (IOPS/TC(2007)6annexREV2) should be sent to the Secretariat
Italy	1 <sup>st</sup> March	Final draft of DC information paper to be sent to the Secretariat for circulation
Hong Kong	1 <sup>st</sup> March	Final draft of governance paper to be sent to the Secretariat for circulation
UK	1 <sup>st</sup> March	Final draft of supervisory systems paper to be sent to the Secretariat for circulation
Norway	1 <sup>st</sup> March	Outline of mortality tables project to be sent to the Secretariat for circulation
Chile	1 <sup>st</sup> March	Outline of communication of annuity prices paper to be sent to the Secretariat for circulation