

Presentation of Honorary Fellowship to Professor Karel Van Hulle

[Institute and Faculty of Actuaries, 10 November 2014]

The President (Dr D. J. P. Hare, F.I.A.): We have over 100 Honorary Fellows in the Institute and Faculty of which about 53% are from outside the United Kingdom. We have Honorary Fellows in China, Hong Kong, different parts of Europe, North America and a fair number in the United Kingdom.

The point of the Honorary Fellowship strategy is to recognise the people who have been doing things to help either actuarial science or the actuarial profession and to bring them into the fellowship of our organisation so that they can continue to work with us. Our mission and vision of the Institute and Faculty is to serve the public interest by advancing all things relevant to actuarial science. That is a really big task. It is bigger than all of us.

It can also be done by people who have not come through our exams, and so we have Honorary Fellows who are ageing experts, investment experts or regulatory experts.

The principle is that we have a Nominations Committee, which reviews against a set of criteria. Not everybody who is nominated is accepted by the Nominations Committee. They put proposals to Council and then Council puts proposals to members.

So, thanks to those of you who voted a few months ago for the six Honorary Fellows, which were then proposed. If there is anybody else whom you feel should be included, then you have until 19 December to act.

It gives me great pleasure now to ask Karel Van Hulle to come up and be embarrassed while I say some nice things about him.

Karel is no stranger to us. Many of us will know him as “Mr Solvency II”, though, of course, that would be inaccurate because we should call him “Professor Solvency II”. Not only has Karel forgotten more about Solvency II than I will ever know, but Karel is an academic and is a Professor at Leuven University. He is about to be installed as a Professor at Frankfurt University and he is also associated with other universities.

That is one part of his life. But the main part of his working life has been spent at the European Commission. He joined the Commission in 1984, working on Company Law and Financial Reporting. He is originally a lawyer by trade. He worked with the Belgian Banking Commission for a number of years and then joined the Commission.

The IAS regulations, which were effective from 2002, which require all listed companies in Europe to report on the basis of IFRS, was something which Karel led at that point.

He also led the work on the takeover bids directive in 2004, introducing a harmonised regime for takeover bids in the EU.

I am assuming that it was because he did such a great job on both of those that he was handed the jewel in the crown and asked to take forward the Solvency II project. From 2004, until he retired in March of 2013, Karel led Solvency II as Head of Insurance and Pensions in the Internal Market and Services Directorate General of the European Commission.

It is testament to his achievements there that, now that he has retired, he is one of the academic experts on the EIOPA stakeholder group, which is a very influential group of 30 people appointed because of their particular skills and experience. They are a sounding board to EIOPA on policy development. You can read some of the comments of the stakeholder group on delegated acts, for example, on the website.

His external awards are long and glittering. He has just become a member of the Public Interest Oversight Board for the International Federation of Accountants. In 1990, he was nominated Distinguished International Lecturer in Accounting by the American Accounting Association. In 2013, Karel became a Distinguished Fellow of the International Association of Insurance Supervisors. So, this is truly not just “Professor Solvency II” but “Professor Insurance Regulation”.

Karel has been a great friend of the Institute and Faculty for a number of years. He gave one of the annual lectures for the Faculty a number of years ago in Edinburgh. He has spoken at a number of our conferences.

Anybody can point out issues in Solvency II where they think this could be different and that could be different. But when you look at the huge shift towards risk-based supervision across all the different countries of Europe, to have helped to bring that about is a huge achievement and something which has truly advanced actuarial science. Some people might want it to be further advanced in slightly different ways in slightly different areas, but nevertheless what has been achieved is absolutely phenomenal.

The Council of the Institute and Faculty were very, very pleased to recommend to you that we make Karel Van Hulle an Honorary Fellow. We are very pleased that the members who voted agreed.

So, Karel, it gives me great pleasure to welcome you as an Honorary Fellow of the Institute and Faculty. Congratulations.

Prof K. Van Hulle, H.F.I.A.: Mr President, ladies and gentlemen, I am very honoured with the Distinguished Fellowship that you have given me this morning. It is a privilege for me now to be part of your Institute and Faculty.

As a lawyer, I am not naturally attracted by numbers. Fate has it that I spent most of my professional career with accountants and actuaries. During my time at the European Commission, and particularly through the development of Solvency II, I had the privilege of meeting many outstanding people of the actuarial profession.

The profession made an important contribution to the development of Solvency II. It is now also officially recognised, with the introduction of the actuarial function, as one of the key functions under the governance requirements of Solvency II.

I should like to take the opportunity this morning to pass on four messages to you, which are based on my experience that I had with the actuarial profession over a number of years.

The first message is: it is very important for your profession to contribute to furthering the public interest in the financial services sector. Applying high standards of integrity will earn the respect of stakeholders who need to be protected against those people working in the financial services sector who are only interested in furthering their own selfish interests.

The second message is: do not become carried away by the numbers. Numbers do not speak for themselves. They serve a purpose. Models are great. I was myself an enthusiastic supporter of allowing internal models in Solvency II, but they are only an approximation of reality. In the end, it is the real world that matters.

My third message is: use your skills to help the insurance industry to innovate and to do what it is best at, that is to say, to insure by taking risks away from private individuals and society. The insurance sector can be the sector of the future if it takes on the challenges which our society faces today. We heard some of that yesterday night: ageing, longevity, long-term care, security and national catastrophes. The insurance industry needs your skills in developing new products, which are well designed and respect the new risk-based solvency philosophy.

My last message is: help the insurance industry to communicate better with the outside world so that people can better understand the contribution which insurance can make to society. The insurance industry is not an excellent communicator, and actuaries sometimes lose themselves in technical details, thereby forgetting the big strategic picture. Good communication is a key feature of today's society.

If you contribute to the public interest, look beyond the numbers at strategic issues, help the insurance industry to innovate and communicate well with the outside world, your profession will continue to attract bright, young people.

As an academic now, I know that the younger generation today is looking for opportunities to create value and to contribute to a more sustainable society. Your profession is ideally placed to attract them. I wish you well and thank you again.