



*Consulting Actuaries*

5, Z.A.I. de Bourmicht  
L - 8070 BERTRANGE

Tel. : 263 179-1

<http://www.heptaconsult.lu>

Fax. : 263 179-24

## Whom are we ?

An firm of experts and actuaries specialized in life insurance and pension funds.

## Our assets

All our consultants, coming from the life insurance and pension fund industry, have a long practical experience within insurance companies.

## The challenges of the life insurance companies ...

- principally linked to the Luxembourg specificities :
  1. The book-keeping doesn't book **the profit margins** (which are globally obtained by the difference between profit and loss) even though profit testing (per product - LC03/5) must show this information. This can be put right with adequate entry plans;
  2. Because of the inversed economic cycle proper to the profession, the **cost price of a product by investment-support** is unknown until the day of completion of the operations even though it would be by far preferable to know it instantly in order to be able to follow up the evolution of the product, do it's piloting and to decide on it's destiny (management tool). The set-up of a sufficiently detailed analytical accounting plan responds to this need;

3. **The annual reporting (per country, per branch)** to the Supervisory Authority is of course specific to Luxembourg, but it is as well and mainly specific because of the Freedom of Services, discipline which does not or nearly not exist in the other Member states. The implementation of the solutions mentioned in the two preceding points can be realized in such a manner that it automates most of the annual reporting;
  4. **A multi-currencies environment**, given since decades, requires specific entry plans rarely met in the life insurance industry in most other countries (where everything is converted into one single currency);
  5. The bijective correspondence between the Business Plan figures and it's theoretical margins with the bookkeeping allows for an automatic insert of the calculation of **Embedded Value's** as business progresses;
  6. The amortization method for the **Deferred Acquisition Cost** has not been set by the Supervisory Authority allowing that way the implementation of creative solutions, provided that the economic balance of the system is assured, policy by policy and under any circumstances. The insurer must be in the position to financially control this criteria and to post it adequately in its book-keeping;
- **and more generally :**
7. Normalization (**I.F.R.S.**).

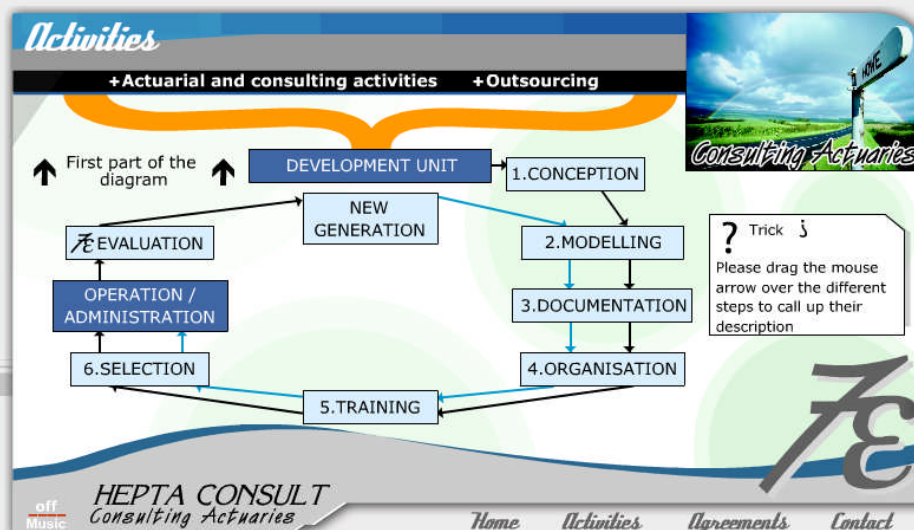
... do lead to an increasing need for a precise evaluation of the profitability in order to run the administration of products in the immediate future and the long-term.

**We have responded to those needs by implementing the operational solutions mentioned hereafter.**

# The operational solutions

Our work method structured in 7 stages ...

<http://www.heptaconsult.lu>



<http://www.heptaconsult.lu>

... has led to a **solution** allowing to automate the process simply and rapidly and to a **book** allowing an experienced book-keeper to adjust his book-keeping to the above mentioned Luxembourg specificities, and this at an accessible price.

It is a structured documentation ready for use containing an accounting plan, entry plans, analytical accounting plans with their divisions, auditing algorithms for the technical book-keeping (investment-support by investment-support) and one concrete example.

On the following two pages you will find some examples which illustrate our approach.

## 1. The margins

Adding accounts « by order »

Example :

621	Autres provisions techniques
6210	Insurance vie
62100	Provision pour aléas financiers
62108	Provision pour risque d'exigibilité des engagements techniques
6212	Insurance non-vie
62120	Provision pour risques croissants
62121	Provisions mathématiques des rentes
62122	Provisions pour risques en cours
62124	PB directement incorporées et IT inclus
62128	Provision pour risque d'exigibilité des engagements techniques
6217	Engagements envers les institutions de prévoyance ou relatifs aux fonds de placements gérés par l'entreprise
623	Variations des provisions techniques des contrats en unités de compte
6230	Variations des provisions techniques des contrats en unités de compte - assurances individuelles
62300	Provisions mathématiques
62301	Chargements / encours (pour ordre)
62302	Chargements / arbitrages (pour ordre)
62304	Intérêts techniques et participations bénéficiaires directement incorporés
6231	Variations des provisions techniques des contrats en unités de compte - assurances de groupes
62310	Provisions mathématiques
62314	Intérêts techniques et participations bénéficiaires directement incorporés
624	Variation de la provision pour égalisation

## 2. The product, the investment support

Adding analytical codes

Example :

N° d'ordre	Date	N° de compte	Journal	Devise	Débit / Crédit	Montant	Devise	Débit / Crédit	Montant DL (TXC)	Montant DL (TXG)	Analytique 1	Analytique 2	Analytique 3	Analytique 4	UC
1	15-févr-04	402300	Assurés - Primes (Actif - Tiers)	EUR	D	0,00	EUR	D	FAR	0,00					
1	15-févr-04	700102	@ Primes Vie - Au comptant (Recettes - C.A.)	EUR	C	####	EUR	C	#VALEUR!	#VALEUR!	ZZ	L1A	ZZZZ	R	
1	15-févr-04	700110	@ Chargements / primes - Au comptant (Recettes - C.A.)	EUR	C	####	EUR	C	#VALEUR!	#VALEUR!	10	L1A	ZZZZ	R	
			Emission primes de la période												
2	15-févr-04	402300	Assurés - Primes (Actif - Tiers)	USD	D	0,00	EUR	D	5 000,00	0,00				A	
2	15-févr-04	402300	Assurés - Primes (Actif - Tiers)	GBP	D	0,00	EUR	D	961,54	0,00				A	
2	15-févr-04	402300	Assurés - Primes (Actif - Tiers)	JPY	D	0,00	EUR	D	110,29	0,00				A	
2	15-févr-04	700106	@ Primes Vie - Versement complémentaire (Recettes - C.A.)	USD	C	0,00	EUR	C	-5 000,00	0,00	ZZ	L1A	ZZZZ	R	
2	15-févr-04	700106	@ Primes Vie - Versement complémentaire (Recettes - C.A.)	GBP	C	0,00	EUR	C	-961,54	0,00	ZZ	L1A	ZZZZ	R	
2	15-févr-04	700106	@ Primes Vie - Versement complémentaire (Recettes - C.A.)	JPY	C	0,00	EUR	C	-110,29	0,00	ZZ	L1A	ZZZZ	R	
			Emission primes de la période												

### 3. The annual reporting

Using the modifications

Example :

RV 4

Compagnie X Activité VIE en 200X ( en EUR) Affaires souscrites au Luxembourg	Primes émises	Arbitrages entrants	Produit net des placements	Provisions pour sinistres au 1.1	Provisions d'assurance-vie au 1.1
ie non liée à des fonds d'investissements	Comptes 7, codes produits	Comptes 600120/1, codes produits		E-1, codes produits	E-1, codes produits
nsurances nuptialité, natalité non liées	Comptes 7, codes produits	Compte 600120/1, codes produits		E-1, codes produits	E-1, codes produits
nsurances liées à des fonds d'investissements	Comptes 7, codes produits	Compte 600120/1, codes produits		E-1, codes produits	E-1, codes produits
ermanent health insurance	Comptes 7, codes produits	Compte 600120/1, codes produits		E-1, codes produits	E-1, codes produits
pérations tontinières	Comptes 7, codes produits	Compte 600120/1, codes produits		E-1, codes produits	E-1, codes produits
pérations de capitalisation	Comptes 7, codes produits	Compte 600120/1, codes produits		E-1, codes produits	E-1, codes produits
estion des fonds collectifs de retraite	Comptes 7, codes produits	Compte 600120/1, codes produits		E-1, codes produits	E-1, codes produits
éinsurance acceptée	Comptes 7, codes produits	Compte 600120/1, codes produits		E-1, codes produits	E-1, codes produits
otal	0	0	0	0	(

Compagnie X Activité VIE en 200X ( en EUR) Affaires souscrites au Luxembourg	Frais d'administration	Prestations payées	Arbitrages sortants	Provisions pour sinistres au 31.12	Provisions d'assurance-vie au 31.12
ie non liée à des fonds d'investissements		Comptes 6, codes produits	Compte 600125/6, codes produits	Comptes 32, codes produits	Comptes 30, 31, 34, codes produits
nsurances nuptialité, natalité non liées		Comptes 6, codes produits	Compte 600125/6, codes produits	Compte 3802, codes produits	Compte 3800, codes produits
nsurances liées à des fonds d'investissements		Comptes 6, codes produits	Compte 600125/6, codes produits	Compte 3802, codes produits	Compte 3800, codes produits
ermanent health insurance		Comptes 6, codes produits	Compte 600125/6, codes produits	Compte 3802, codes produits	Compte 3800, codes produits
pérations tontinières		Comptes 6, codes produits	Compte 600125/6, codes produits	Compte 3802, codes produits	Compte 3800, codes produits
pérations de capitalisation		Comptes 6, codes produits	Compte 600125/6, codes produits	Compte 3802, codes produits	Compte 3800, codes produits
estion des fonds collectifs de retraite		Comptes 6, codes produits	Compte 600125/6, codes produits	Compte 3802, codes produits	Compte 3800, codes produits
éinsurance acceptée		Comptes 6, codes produits	Compte 600125/6, codes produits	Compte 3802, codes produits	Compte 3800, codes produits
otal	0	0	0	0	(

### 4. The multi foreign currency setting

Compliant with IAS 21

Example :

Journal : CHE

Mouvement : C01

N° COMPTE	LIBELLE			MONTANT
665	Ecart de conversion	DEV	D	Σ CHANGE
1,2,3,4,5	Classes d'actifs et de passifs	DEV	D	CHANGE/COMPTE
1,2,3,4,5	Classes d'actifs et de passifs	DEV	C	CHANGE/COMPTE
765	Ecart de conversion	DEV	C	Σ CHANGE

Journal : CHE

Mouvement : C02

N° COMPTE	LIBELLE			MONTANT
665	Ecart de conversion	DEV	D	Σ CHANGE
6,7,8,9	Classes de recettes et de dépenses	DEV	D	CHANGE/COMPTE
6,7,8,9	Classes de recettes et de dépenses	DEV	C	CHANGE/COMPTE
765	Ecart de conversion	DEV	C	Σ CHANGE

## Our services

- ❑ Basis activity : Actuarial Consulting
- ❑ Main Activities
  - Advice to professionals of the life insurance sector
    - Creation of products, lines of activities and insurance companies
    - Profit testing / Business plans / Modelling of activities
    - Preparation of agreement files (companies and products)
    - Organization of the administration and on-the-job coaching
    - Technical assistance to brokers in their negotiations with insurers
    - Monitoring of technical margins / Risk management / Reinsurance strategy
    - Reporting to the control authorities and to the shareholders / Consolidation
    - Profitability studies / Embedded Value calculation / Appraisal Value
    - Technical notes and set-up of tariffs
    - Asset / Liability controls
    - Operational launch of new products
    - International accountancy standards / Prudential control of portfolios
  - Pensions
    - Implementation of pension plans for companies
    - Selection of financing tools within the range of collective insurances and pension funds (SEPCAV, ASSEP, funds under the prudential control of the Commissariat aux Assurances)
    - Compliance
    - Optimisation, rationalization and modernization of pension plans
    - Adjustment to new legal requirements
    - Actuarial evaluations, calculation of liabilities and technical provisions
    - Creation and administration of pension fund schemes
  - Financial Engineering
    - Actuarial advice to insurers, banks and asset managers for an efficient use of life insurance for structuring and managing wealth and arranging successions
- ❑ Outsourcing.
  - Implementation of outsourcing solutions in partnership with a firm providing software for the administration of life insurances (traditional, unit-linked, dedicated funds, pensions, collective schemes, capitalization, health insurance, ...) and pension funds
  - Implementation of a solution for documenting and outsourcing the description of administration procedures of companies in partnership with a firm of consultants specialized in the organization of companies and their preparation to the ISO certification
  - Third party administration: Pension funds, life insurance companies and « Run-Off » portfolios





*Consulting Actuaries*

5, Z.A.I. de Bourmicht  
L - 8070 BERTRANGE

Tel. : 263 179-1

<http://www.heptaconsult.lu>

Fax. : 263 179-24

### Our team of consultants

**Jean-Léon MEUNIER**, Actuary, Managing Director of HEPTA CONSULT, has some 19 years of experience in the field of life insurance and pension plans. He started his career in Luxembourg in 1986 as head of the group life department of the Luxembourg subsidiary of a large Swiss insurer (national and international pension schemes) for whom he worked for nearly 8 years, then joined one of the big five international consulting companies as Chief actuary for before taking up the MD-ship of an international life insurance company of French origins starting its activities in Luxembourg. He created HEPTA CONSULT in January 2001.

**Francis BIRCK**, Actuarial Consultant, who has been member of the HEPTA CONSULT team since January 2002, had, at entry, acquired a solid 5 year experience in the field of financial products at a local life insurance company active under the Freedom of Services act.

**Alain ARNSWALD**, Actuarial Consultant, can avail himself of 9 years of professional experience. He started his career in the field of reinsurance, switched later to one of the big five international consulting companies and ended up working for some 5 years for a local insurance company managing traditional life insurance products (both individual and group business). He joined HEPTA CONSULT in January 2004.

**Carlo MERSCH**, Business Development Consultant, graduated economist, joined HEPTA CONSULT in January 2004. He has some 19 years of experience, of which 18 passed working for several local insurance companies. Throughout his career he assumed high level responsibilities within different fields, i.e. the development and promotion of products, both locally and internationally, the implementation of back-middle- and front-office procedures as well as of institutional partnerships and agreements governing the relations between insurers, intermediary's, asset managers and custodian banks. He managed sales teams active in several countries and the marketing department of a local life insurer working under the Freedom of Services act, for whom he was "No 2" and one of the main driving forces behind the launch of activities.

**Edwin RENNEBOOG**, Administration & Finances Consultant, joined HEPTA CONSULT in October 2004 after a long career of over 25 years within several insurance companies, abroad and locally, where these last couple of years he was the managing director of an insurance company fully owned by a large French bank. Qualified bookkeeper, he held over this period different positions : actuarial, book-keeping, finance, policy administration, ICT and HRM at different hierarchical levels, for at least half of the period at management level.

