

MEETING MINUTES OF THE RISK MANAGEMENT COMMITTEE
HELD IN BUDAPEST, HUNGARY
ON THURSDAY 10 OCTOBER 2024 FROM 09.00-12.00 CEST

Participants

The participant's list is added as Annex 0.1.

1.	OPENING OF MEETING AND ADOPTION OF THE AGENDA Chair (Loudina Erasmus) to welcome attendees. Link to the agenda on the AAE website.
2.	MINUTES OF PREVIOUS MEETING
2.1	To confirm the Minutes of the meeting held on 18 April 2024 (Annex 2.1). <ul style="list-style-type: none"> Remark regarding the discussion on Operational Risk during the last meeting (Malcolm from IFoA) that was not brought forward as AI is currently taking the stage as priority topic.
2.2	To receive any declarations of conflicts of interest and to consider any matters arising not covered elsewhere as substantive items on the agenda. <ul style="list-style-type: none"> One potential conflict stated by Stephen (IFoA) – Cera
3.	Discussion points
3.1	<i>3-years Strategic Plan of the AAE</i> How does this translate to what we want to do and achieve from the RMC. Proactive vs reactive, creating content – <ul style="list-style-type: none"> Covered partially during free discussion, but without clear reference to the Strategy itself, see 3.2 Discussion around AAE Strategy to be continued Timeline for consultations reviews - Covered in the presentation of Siegbert where a clear call for volunteers was made. Subsequently 3 consultations have been circulated where the AAE will participate. (Link)
3.2	Summary of the 2 preparation meetings in August and October – overview of topics discussed during calls made by Loudina (simple format notes were distributed among calls participants, but no official minutes were created) <ul style="list-style-type: none"> IFRS is out of scope for the RMC, and to be discussed in the insurance committee. More attention for AI risk - to be discussed extensively following an introduction in the joint meeting. Health implications of climate change and Climate and Sustainability in general Professionalism mattersSII review – Siegbert will provide the update during the meeting 10.10.2024

	<ul style="list-style-type: none"> • Pensions risk - Martin will provide the update during the meeting 10.10.2024 • What happens with the Economics & Finance Cross-Functional WG - Sam will provide the update during the meeting 10.10.2024 • Own risk assessment
	<p><u>Open Discussion on topics of interest of RMC</u></p> <p><u>Main takeaways and insights for the future consideration of RMC</u></p> <ul style="list-style-type: none"> • Frank Schiller (DAV): Extensive discussion on Climate risk, involvement of actuaries, interlink to Solvency II. Two different leavers how to drive discussion in Europe: 1) support of actuaries via SCrR WG topic to implement requirements and design adequate solutions in insurance products and services. 2) To be prepared for the inquiries from EIOPA in climate related consultations and formulate AAE positions. Important not to start from the green field, but recognize what is done already and bring it forward. Data issue when trying to have a data based assessment. Nearly impossible to get the comprehensive data from member states as AAE. Cooperation with EIOPA or other bodies possible to be established to get the data? • Practical topic – how to structure the support – RMC to work it out? Best practice – to ask SCrR working group to start with that task – Loudina to transfer this topic to them. • Shift focus to supporting FMA's with implementation, education roll out. • Loudina to share the Scenario's Paper from the Dutch association which can be used for this purpose. https://www.actuarieelgenootschap.nl/kennisbank/report-guidance-on-long-term-scenario-analysis-in-climate-risk-assessments Annina noted that the document doesn't provide a guide for actuaries how to do the impact assessment expert judgement in practice (p. 27 "The application will consist of material expert judgement..."). • Frank Schiller proposed to prepare practical guidance ('good practice paper') which received support from other delegates. • Lutz – IFoA paper on Climate research taking a stand - we do not know what exactly will happen with temperature rise, but we know that something will happen for sure, as we see already some transitions. • Denmark (Martin Melchior, chair of pension committee) commented to a discussion on approvals and involvement within the AAE. He stated that the general AAE governance structures automatically should ensure that we get the correct approvals and involvements for the different types of papers (e.g. discussion, position and so on) and therefore this kind of discussion might be irrelevant. • Malcolm – relevance of actuaries on a broader perspective – trying not to limit involvement by the governance structures. • Lutz current approach- authors opinions are not expressing AAE opinions. If AAE public opinion to be published – then governance process is in place and to be revised in the nearest future. • A comment was made that RMC should prepare material for AAE to have an opinion how the climate change should be considered in the regulation and how AAE could stay relevant in these discussions.

	<ul style="list-style-type: none"> • Martin commented on greenfield perspective, that even though we should always take a starting point in previous AAE work it is important that we always allow ourselves to see things in new light and continuously adapt views and positions to new knowledge irrespective of what we have said previously. And explain if and why we change positions and views. • General: in terms of taking position - we will not have a “company line” but encourage broad and facts based discussion around climate and sustainability risk. When the AAE publishes something it shall be from a “professional and neutral actuarial position / view / discussion” – i.e. it must not favor views from specific countries and/or companies. <p>Loudina to summarize:</p> <ul style="list-style-type: none"> • for Climate – not to start from green field. • Social Sustainability was not covered this time. • SCrR WG - Own Sustainability paper is approved and can be sent to the Board. Main focus should be on 1) travel 2) accommodation/facilities 3) inv pf more as example than impact. • Health and sustainability to be discussed and brought to table at the <u>next RMC</u> meeting with presentation on PFAS (was also compared to asbestos) and related health implications and legal proceedings. • Young disability was also raised as a topic.
3.4	<p>What happens with the Economics & Finance Cross-Functional WG?</p> <ul style="list-style-type: none"> • Presentation from Sam (Denmark) – Recommendations for Liquidity Risk assessment and management as a respond to Consultations for EIOPA and IORP • At present, due to EIOPA’s mandate, the focus on liquidity risk is macro prudential, i.e. preventing systemic problems, and not currently focused on policyholder protection. Extending the remit to all or more companies could ensure a minimum level of policyholder protection from liquidity risk.” • Volunteers from RMC needed - peer review paper and 2 consultations
3.5	<p><u>AI risk</u> - open discussion and contribution building on the introduction given in the joint meeting. How do we relate to what is being done with the IAA to avoid duplication of effort, thinning of volunteers.</p> <p><u>Presentation from Bogdan</u></p> <ul style="list-style-type: none"> • Bogdan – asking for any papers available among member association to be sent to him/working group • Lutz – important to tackle discussion on fairness and adequacy of premiums vs. discrimination wrt. Reputational risks • Frank – Assess change in operational risks when implementing AI methods,. Actuarial Function needs to assess adequacy of UW when AI has been applied, not yet possible due to data limitations but perhaps already think of AI in risk modelling and calibration • Martin and Stephen – AI can be seen as implementing new types of models and maths, we “only” need to extend the existing frameworks for actuaries on new approaches, governance could remain mostly unchanged

	<ul style="list-style-type: none"> Loudina – Public Interest and Fairness vs current approach. We see to focus more on Company Data <p>RMC concluded that there are many different risk management aspects and techniques to apply when AI is taken in to use. Even though professionalism committee has the main responsibility, RMC could and should give an input.</p>
3.6	<p><u>Solvency II Working Group</u></p> <ul style="list-style-type: none"> Siegbert Baldauf to provide an update on the activity of this WG. Presentation (amending the SII framework) Call for volunteers will be done in relation to Consultation (37 in 12 months), deadlines tight
3.7	<p><u>Pension and Risk Management Working Group overview:</u> Martin Melchior Danish Actuarial Association</p> <ul style="list-style-type: none"> Several topics to be discussed within Pension C (from RM perspective topics of interest: Market Consistency, Valuation Techniques (Assets and Liabilities). Position paper on the way. Future work focusing on getting insights from different countries, approach to RM. Volunteers for joining are welcome Frank (DAV) – mentioned that it becomes more and more difficult to find volunteers to work on consultations in risk management and would be interested in an exchange how this is perceived in other associations and what could be done to improve the situation
3.8	<p><u>Sustainability and Climate Related Risks Working Group (SCrR WG)</u></p> <p>An update on the activity of this WG and the final publication of the EU Commission’s Climate Resilience Dialogue. (Frank/Loudina) – sufficiently covered during the free discussion.</p>
3.9	<p><u>Own Sustainability</u></p> <ul style="list-style-type: none"> paper approved to the board - see comments under 3.3
3.10	<p><u>Health implications of climate change</u></p> <ul style="list-style-type: none"> to be discussed in the next RMC - see 3.2
3.11	<p><u>Wrap up, tour de table</u></p> <ul style="list-style-type: none"> Loudina: Free discussion brought many views on the table and enables a good discussion. Only 2 participants asked for more preparation and time to share and bounce back with own association. Most feedback was appreciative. Luis (Spain) and Quynh (Swiss) to be bridge, connection for risk input to the AI TF/WG More focus and time for SII discussion - Siegbert and Ulrike both made this point. Conduct risk - topic for the next meeting - Stephen (IFoA)
4.	<p>COMMUNICATIONS, INFLUENCING AND COMMUNITY DEVELOPMENT</p> <ul style="list-style-type: none"> Not covered
5.	<p>JOINT MEETING INSURANCE, PENSIONS AND RISK MANAGEMENT COMMITTEE</p>

	<p>To discuss any topics on the agenda of the joint meeting to be held on 10 October 2024. (Agenda attached as Annex 5)</p> <ul style="list-style-type: none"> • None were raised
6.	CONSULTATIONS, PRESS RELEASES, BLOGS AND OTHER PUBLICATIONS
	<p>To note consultations the AAE has responded to and other AAE press releases, blogs and publications (see Annex 6 for the July report to MAs covering Q1 and Q2 of 2024).</p> <ul style="list-style-type: none"> • Not covered
7.	MEETING WITH EXTERNAL ORGANISATIONS AND STAKEHOLDERS
	<p>To note the overview of meetings held between delegations of the AAE and respective stakeholders (see Annex 7 for 2024 Q2).</p> <ul style="list-style-type: none"> • Not covered
8.	EXCHANGE OF INFORMATION ON CURRENT ISSUES
	<p>To exchange information on current issues in member associations of interest to other members not otherwise covered earlier in the agenda (members are invited to send a note of any current issues for circulation to the Committee before the meeting, especially if they are unable to attend), including topics believed to be of interest from EIOPA, NSAs or other bodies.</p> <ul style="list-style-type: none"> • Not covered
9.	ANY OTHER BUSINESS
	<ul style="list-style-type: none"> • None were raised
10.	<p>DATE OF NEXT MEETING</p> <ul style="list-style-type: none"> • AAE Spring Meeting in Edinburgh, Scotland (UK) - 10 April 2025, hosted by the Institute and Faculty of Actuaries • AAE Annual Meeting in Paris - 24-26 September 2025

Participants Risk Management Committee meeting

Budapest | 10 October 2024

	Family name	First name	Member Association	Country	Role
1	Demol	Philippe	IA/BE	Belgium	Observer
2	Vanbeneden	Eddy	IA/BE	Belgium	Observer
3	Dermendzhiyska	Lyubimka	Bulgarian Actuarial Society	Bulgaria	Observer
4	Pošta	Petr	Czech Society of Actuaries	Czech Rep.	Observer
5	Melchior	Martin	Danish Actuarial Association	Denmark	Delegate-chair PRM
6	Achord	Samuel	Den Danske Aktuarforening	Denmark	Observer-chair E&F
7	Sandqvist	Jette Lunding	AAE / DDA	Denmark	Observer
8	Guralnik	Marika	Eesti Aktuaaride Liit	Estonia	Alternate
9	Mannonen	Hillevi	Suomen Aktuaariyhdistys	Finland	Observer
10	Pietinalho	Annina	Suomen Aktuaariyhdistys	Finland	Delegate
11	Baldauf	Siegbert	DAV	Germany	Observer
12	Schiller	Frank	DAV	Germany	Alternate
13	Kovacs	Judit	MAT	Hungary	Delegate
14	Imre	Olga	Hungarian Actuarial Society	Hungary	Observer
15	Jónatansson	Sigurður Freyr	Félag Íslenskra trygg.	Iceland	Observer
16	Helmane	Inga	Actuarial Association of Europe	Latvia	Observer
17	Ptakauskas	Paulius	Lietuvos aktuaru draugija	Lithuania	Delegate
18	Erasmus	Loudina	Koninklijk Actuarieel Genootschap	Netherlands	Chair
19	Zwara	Marcin	Polish Society of Actuaries	Poland	Delegate
20	Benavides	Joaquín	Instituto de Actuarios Españoles	Spain	Observer
21	Kaufmann	Roger	Swiss Association of Actuaries	Switzerland	Delegate
22	Wilhelmy	Lutz	Swiss Association of Actuaries	Switzerland	AAE Board-observer
23	Kemp	Malcolm	Institute and Faculty of Actuaries	UK	Delegate
24	Wilcox	Stephen	IFoA	UK	Observer