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MEETING MINUTES OF THE INSURANCE COMMITTEE

HELD IN BUDAPEST, HUNGARY

ON THURSDAY 10 OCTOBER 2024 FROM 13.30-16:30 CEST

Participants

The participant's list is added as Annex 0.1.

1.	<p>OPENING OF THE MEETING AND ADOPTION OF THE AGENDA</p> <p>Link to the agenda of the Meeting of the Insurance Committee.</p> <p>The chairperson opened the meeting and welcomed everyone. The agenda was approved without any needs for changes. He encouraged everyone to be active in some of the working groups or with other ongoing activities as volunteer work is always very welcomed and makes the AAE what it is. He also said that the 'Right to be Forgotten' topic that was a lot on the headlines last spring has not been developing after last June.</p> <p>On IFRS 17 there was a comment from Joaquin (Spain). He was interested to know how each country intends to use IFRS 17 to understand relations with local GAAP and what might be local regulators' responsibilities. In the discussion it was also asked how many companies are applying the exemption and whether IASB could be reached out to find some summary materials of the application. Also, for some countries there seems to be an issue with updating the implied volatilities used in valuation. Joaquin promised to draft a questionnaire on this topic and run through some of interested IC members. The idea was to do a survey to learn more about IFRS 17 country specific topics.</p> <p>The chairperson brought up that the EAN 1 on ORSA has a 5-year updating cycle and it's now time for a review. The IC should at least decide whether to update it or not. This will be decided in the next year.</p>
2.	MINUTES OF PREVIOUS MEETING
2.1	<p>The Minutes of the meeting held on <u>18 April 2024</u> (Vilnius, a further copy is attached at Annex 2.1a), and online meetings on <u>2 July 2024</u> and <u>16 September 2024</u> was approved with one need for change.</p>
	<p>For 18th April meeting minutes there was a request from Conor to change the year reference from 2022 to 2019 which was when the Danish FSA informed industry of new requirement. (Julebrev/Christmas letter 2019).</p> <p>Chairperson also suggested everyone to look on the minutes from <i>Tour de Table</i>, which should be very useful.</p>

2.2	Chairperson noted that the <u>bi-annual committee reports</u> has been published on the AAE website (committee reports are part of the Board reports to MAs). The latest version - issued July 2024 - is attached as Annex 2.2 .
2.3	No additional topics on the agenda was identified.
3.	CONSULTATIONS AND RESPONSES
3.1	Chairperson noted that the IC responded to the following consultation: <ul style="list-style-type: none"> - <u>EIOPA's consultation on the 2023/2024 (re)assessment of natural catastrophe risk in the standard formula</u> And that a response is being prepared for the following consultation: <ul style="list-style-type: none"> - <u>EIOPA Consultation on new SII proportionality regime</u>
COFFEE BREAK	
4.	AAE STRATEGIC 3-YEAR PLAN + DISCUSSION
4.1	AAE Chairperson Inga Helmane talked about AAE strategic priorities and how Insurance committee could best support them. (Annex 4.1). This was followed by a discussion where it was asked that more clarity could be brought to the consequences and result what AAE might achieve. Also, it was noted that after this also there might be a need to revisit the Insurance Committee's Terms of Reference to ensure they reflect the updated AAE strategic priorities.
5.	UPDATE ON EUROPEAN ISSUES
5.1	The chairperson gave a brief update on EIOPA Insurance & Reinsurance Stakeholder Group (IRSG) and European agenda in more general (Annex 5.1). It was asked that as there seems to be too many Consultation Papers with a lot of content, it makes it difficult for AAE to provide good responses. How do we ensure we prioritise and respond to the right ones? Chairperson told this is difficult and prioritization needs to happen. Anyway, EIOPA has provided a list of open CPs on Solvency II which at least helps some preparations.
6.	SUSTAINABILITY AND CLIMATE-RELATED RISKS WG
6.1	Daphne De Leval was not able to participate, this agenda item was skipped.
7.	ECONOMICS & FINANCE WORKING GROUP
7.1	Samuel Achord went through the Economics and Finance (EF) working group activities and focus areas. He also provided update on the paper on liquidity risk. (Annex 7.1). The liquidity risk fuelled a lot of discussion and the following comments was made: <ul style="list-style-type: none"> • Insurers have fundamentally different funding risks than banks, etc – this needs to be taken into account. • Slovenia recently had two real-world examples of insolvency due to illiquidity. • Under IFRS, the old requirement to hold reserves at a minimum of surrender values has disappeared. Thus, IFRS 17 has increased insurers' exposures to loss under higher surrenders. • It is not clear why multiple time horizons are required when assessing liquidity risk.

	<p>Sam responded that intraday and next day are required for derivatives clearing, repos and securities lending. 30 days, 90 days, 1 year make more sense for ensuring surrender risks and classic insurance liabilities will be met when they come due, within the net 30, 90 or 365 days.</p> <p>It was agreed that Sam should reach out to the IC and seek input on the “holistic checklist” for assessing the nature and presence of the various liquidity risks within a given insurance company. He will also come back to IC when having a draft paper ready on the topic. Chairperson noted that if possible, this work could be used when answering to ongoing EIOPA consultation on liquidity risk management planning.</p>
8.	NON-LIFE WORKING GROUP
8.1	<p>Christoph Krischanitz gave a short update on the work of the Non-Life working group. (Annex 8.1). He had some suggestions for possible other focus areas also. From the discussion also Non-Life AI & pricing fairness was brought up. Then on FiDA, it was asked whether it’s possible to aggregate data for NL pricing? From experience, the terms and conditions, coverages, etc. can differ markedly from country to country?</p> <p>Christoph promised to take all comments on board and further discuss the future activities with the WG members. He also asked for more volunteers to ensure that the WG stays active.</p>
	Break – 15 min
9.	SOLVENCY II, IRRD & WEBINAR
9.1	<p>Siegbert gave a presentation on the latest news on Solvency II and IRRD. He also went through EIOPA’s future work on Solvency II, area that needs AAE’s members expertise very widely in the following years. The chairperson also told that the agenda of the forthcoming Solvency II Webinar on 6 December is under preparation and should be ready early November. EIOPA’s head of policy (Patrick Hoedjes) will be one of the speakers.</p> <p>In the discussion it was asked whether RMC also takes part of the identified work for preparation, this seemed to be the case. From Ireland there was an observation that they already have Recovery & Resolution Planning in the regulation which covers 100% of the market. Other members could learn from this.</p> <p>On VA, there was a comment that the new VA is even more complex now, with new cliff edges. This might create a point at which a serious market situation gets exacerbated by insurance companies, i.e. when credit spreads go beyond the corridor, then asset market values will continue to fall, but VA discount rates won’t move further. There was also another comment that the purpose of the VA to encourage insurer searching for yield from more risky investments.</p>
10.	CONSUMER PROTECTION WORKING GROUP
10.1	<p>Valéry Jost told (via teams) on the current activities of the Working Group. (Annex 10.1). Chairperson thanked him for all the work but didn’t allow for questions as there was not time for this.</p>

11.	JOINT COMMITTEE MEETING
11.1	Chairperson noted the agenda of the <u>Joint Meeting of the Insurance, Pensions and Risk Management Committees</u> to be held on 10 October 204 from 16.30-17.30 CEST (Agenda attached as Annex 11.1).
12.	MEETING WITH EXTERNAL ORGANISATIONS AND STAKEHOLDERS – 5 min
12.1	Chairperson noted the <u>most recent overview</u> of meetings held between delegations of the AAE and the respective stakeholders. (2024 Q2 is attached as Annex 12.1). One-pagers as shared with EIOPA and the European Commission can be found on the AAE website under <u>Publications</u> .
13.	ANY OTHER BUSINESS No other business was identified.
14.	NEXT MEETING
	Chairperson thanked everyone for their activity and told that the next meeting will be held in Edinburgh, Scotland (UK), on 10 April 2025 (tbc) at the invitation of the Institute and Faculty of Actuaries and in conjunction with the AAE Spring Meeting. Chairperson closed the meeting.

Participants Insurance Committee meeting
Budapest | 10 October 2024

	Family name	First name	Member Association	Country	Role
1	Kainhofer	Reinhold	AVÖ	Austria	Delegate
2	Krischanitz	Christoph	AVÖ	Austria	Chair NLWG
3	Vanbeneden	Eddy	IA BE	Belgium	Alternate
4	Hadjistyllis	Stephanos	AAE	Cyprus	AAE
5	Pošta	Petr	Czech Society of Actuaries	Czech Rep	Alternate
6	OByrne	Conor	Den Danske Aktuarforening	Denmark	Delegate
7	Achord	Samuel	Den Danske Aktuarforening	Denmark	Chair E&F
8	Guralnik	Marika	Eesti Aktuaaride Liit	Estonia	Alternate
9	Saraste	Lauri	Suomen Aktuaariyhdistys	Finland	Chair
10	Kivisaari	Esko	Suomen Aktuaariyhdistys	Finland	Observer
11	Cywie	Samuel	Institut des Actuaire	France	Alternate
12	Kaiser	Birgit	DAV	Germany	Observer
13	Baldauf	Siegbert	DAV	Germany	Chair SII WG
14	Kerényi	István	MAT	Hungary	Delegate
15	Hanak	Gabor	MAT	Hungary	Observer
16	Szabó	Zoltán	MAT	Hungary	Observer
17	Szigetvari	Zsofia	MAT	Hungary	Observer
18	Jónatansson	Sigurður Freyr	Félag Íslenskra trygg.	Iceland	Alternate
19	Sammartini	Giovanni	ISOA	Italy	Delegate
20	Ptakauskas	Paulius	Lietuvos Aktuaru Draugija	Lithuania	Alternate
21	Erasmus	Loudina	Koninklijk Actuarieel Genootschap	Netherlands	Chair RMC-Observer
22	Tautan	Bogdan	Koninklijk Actuarieel Genootschap	Netherlands	Alternate
23	Brännstam	Sandra	Den Norske Aktuarforening	Norway	Delegate
24	Zwara	Marcin	Polish Society of Actuaries	Poland	Alternate
25	Claffey	Mike	Society of Actuaries in Ireland	Rep. Ireland	Delegate
26	Ginghina	Florin	Asociatia Romana de Actuariat	Romania	Delegate
27	Kamenárová	Mária	Slovenska spolocnost aktuarov	Slovakia	Alternate
28	Benavides	Joaquín	Instituto de Actuarios Españoles	Spain	Delegate
29	Bamberger	Michael	Swiss Actuarial Association	Switzerland	Alternate
30	Nguyen	Quynh	Swiss Actuarial Association	Switzerland	Observer
31	Georgescu	Dan	Institute and Faculty of Actuaries	UK	Observer
32	Zietsman	Steven	Institute and Faculty of Actuaries	UK	Observer
33	Trujillo	Geralyn	American Academy of Actuaries	United States	Observer