

Draft Response of the Actuarial Association of Europe (AAE)

The Actuarial Association of Europe (AAE) welcomes the European Commission's initiative on regulatory simplification through the Digital Omnibus, and in particular the focus on ensuring the smooth application of the Artificial Intelligence Act. As a profession extensively engaged in insurance, pensions, and risk management, actuaries are involved in the responsible design, deployment, and oversight of AI systems.

We emphasise the following points for consideration in the context of simplification and effective implementation of the AI Act:

- 1. Regulatory clarity and coherence**

Consistent and predictable application of the AI Act across Member States is vital. We strongly support efforts to reduce fragmentation and divergent supervisory approaches. Clear guidance, including sector-specific examples, will help firms distinguish AI systems within scope from traditional statistical and actuarial models (e.g. GLMs). Such clarity avoids uncertainty, reduces unnecessary compliance costs, and ensures proportional application of rules.

- 2. Proportionality and simplification**

The AI Act should be applied in a proportionate manner that reflects both the scale of undertakings and the potential impact of AI use cases. Simplified compliance mechanisms for SMEs and mid-caps are welcome, but proportionality must also consider consumer impact, not only business size. This would align the AI Act's implementation with Solvency II principles while safeguarding fairness, consumer outcomes, and policyholder protection.

- 3. Avoiding duplication and overlaps**

Many obligations under the AI Act intersect with existing insurance regulation, including Solvency II and EIOPA's guidelines on governance, risk management, and product oversight. Simplification should aim to embed AI governance within these established frameworks, rather than creating parallel structures. This reduces duplication, lowers administrative burden, and fosters consistent supervisory expectations.

- 4. Practical guidance and usability**

Simplification is best achieved through practical, accessible guidance. We encourage the preparation of sector-specific best practices covering documentation, testing, and monitoring obligations, with a clear distinction between obligations of "means" (reasonable efforts) and obligations of "results" (strict outcomes). This will ensure feasible implementation, particularly where technical limitations (e.g. explainability of complex models) apply. To this extent, we welcome EIOPA's endeavours to publish an opinion on AI Governance and Risk Management in insurance.

- 5. Skills and support structures**

The success of the AI Act depends on the availability of adequate expertise within firms and supervisory bodies. Simplification measures should include proportionate training and capacity-

building requirements, supported by practical toolkits and harmonised templates for compliance. This reduces costs while ensuring high standards of governance.

6. Forward-looking adaptability

Given the rapid evolution of AI, simplification should also provide mechanisms for adaptability. This could include periodic Commission guidance or supervisory convergence tools to address emerging technologies (e.g. generative AI) without requiring legislative amendment.

Conclusion

Simplification of the AI Act's application will support the right balance between innovation, consumer protection, and competitiveness. By enhancing regulatory clarity, embedding proportionality, avoiding duplication with existing frameworks, and providing practical support to companies, the Digital Omnibus can significantly reduce compliance costs while maintaining high standards of trustworthiness in AI. Actuaries, with their expertise in risk assessment, data governance, and ethical practice, stand ready to support this process and ensure effective implementation across the European insurance and pensions sectors.