

**AAE**ACTUARIAL  
ASSOCIATION  
OF EUROPE

ADVISING • ACHIEVING • ENGAGING

ACTUARIAL ASSOCIATION OF EUROPE  
ASSOCIATION ACTUARIELLE EUROPÉENNESILVER SQUARE NORTH  
BOULEVARD ROI ALBERT II 4  
B-1000 BRUSSELS, BELGIUM  
☎ (+32) 2 274 06 61  
✉ INFO@ACTUARY.EU  
WWW.ACTUARY.EU**MEETING OF THE RISK MANAGEMENT COMMITTEE  
TO BE HELD IN EDINBURGH, SCOTLAND (UK)****ON THURSDAY 10 APRIL 2025 FROM 14.00-17.00 CEST  
MINUTES**

1.	14:00	<b>OPENING OF MEETING AND ADOPTION OF THE AGENDA; NOMINATING NOTE-TAKER</b> Chair (Bogdan Tautan) to welcome attendees. <a href="#">Link to the agenda</a> on the AAE website.  Chair Bogdan Tautan welcomed all the attendees and thanked for support for the chairmanship. The topics were mentioned, indicating a packed agenda, and three members offered to take notes.
2.	14:10	<b>GENERAL</b>
2.1	5'	<b>MINUTES</b> <ul style="list-style-type: none"><li>To confirm the <a href="#">Minutes of the meeting</a> held on 10 October 2024 (further copy at <b>Annex 2.1</b>). To confirm the Minutes of the virtual meetings held on <a href="#">19 December 2024</a> and <a href="#">30 January 2025</a>.</li></ul> <b>Confirming VICE-CHAIRPERSON RMC</b> To receive any declarations of conflicts of interest and to consider any matters arising not covered elsewhere as substantive items on the agenda.  <b>Notes</b>  Minutes of the meeting held on 10 October 2024 were approved with an edit that Martin Melchior is a chair of the Pensions Risk Management Committee Working Group. Minutes of the virtual meetings held on 19 December 2024 and 30 January 2025 were confirmed.  The Committee confirmed that Marika Guralnik will continue as a vice-chairperson. A second Vice-chair option was mentioned for the future, to be discussed at the meeting in Paris.  Stephen Wilcox mentioned a potential conflicts of interest as he participates CERA Global Association administration as well.

<b>3.</b>	<b>14:15</b>	<b>JOINT MEETING INSURANCE, PENSIONS AND RISK MANAGEMENT COMMITTEE</b>  The agenda was noted, no further action was needed.
3.1	5'	To note the agenda of the joint meeting scheduled on 10 April 2025 from 08:30-09:30. ( <a href="#">Agenda</a> attached as <b>Annex 4.1</b> ) To receive any declarations of conflicts of interest and to consider any matters arising not covered elsewhere as substantive items on the agenda.
<b>4.</b>	<b>14:20</b>	<b>PENSION RISK MANAGEMENT</b>
4.1	10'	<i>Pensions Risk Management Committee Working Group</i> Martin Melchior to present on Quantitative Risk Management ( <b>Annex 4.1</b> )  <b>Notes</b>  Martin Melchior presented on working groups work related to Quantitative Risk Management in Pensions. Melchior described that the overall purpose and scope of work is to enhance the AAE's contribution to Pensions and Risk Management by actively engaging in discussions, influencing and supporting regulatory developments, and promoting good governance in alignment with actuarial expertise and professional standards.  Following a survey on key areas of interest within the Pensions Risk Management Working Group and IORP II Review Task Force, two areas have been identified as priority topics from the members of the two working groups: <ul style="list-style-type: none"> <li>- Project A: Quantitative Risk Management (QRM) for Pensions to produce a discussion paper on topic.</li> <li>- Project B. Member Communication Project: focusing on analyzing and enhancing communication strategies for pension scheme members (not yet initiated).</li> </ul> This will allow to initiate discussions around the scope of projects, core focus and define a 3-year working plan.
4.2	10'	<i>Discussions</i>

		<p>Malcolm Kemp mentioned an academic paper he had wrote earlier and was published in Insurance Pensions. He promised to notify the working group and distribute the paper.</p> <p>Stephen Wilcox raised a point on pension regulatory supervisors from UK as an example and informed that the Pillar II topics are done particularly well. Pillar I topics are not relevant for pension schemes in UK. He also mentioned that the pure defined contribution schemes need a different approach for regulatory point of view.</p> <p>Jérôme Crugnola-Humbert suggested using long term scenarios as a tool to support risk management in pensions. Melchior said that stress tests are already planned and concluded the scenarios would create value additional value.</p> <p>Karel Goossens invited UK to become part of the working group. Discussion between Karel and Stepehen will take place.</p> <p>Jérôme – proposed to consider to work on different scenarios as an output of the working group (e.g. different longevity, climate risk etc factors)</p> <p>Bogdan invited members of the RMC to volunteer and support the Working Group given its extensive activities.</p>
<b>5</b>	<b>14:40</b>	<b>PFAS</b>
5.1	20'	<p><i>PFAS presentation</i></p> <p>Presentation by Eddy Vanbeneden followed by a discussion (<b>Annex 5.1</b>)</p> <p>Eddy Vanbeneden gave a presentation on PFAS. PFAS are more pervasive than asbestos but there is less causality link (so far). Correlation can be proven quicker; causality takes time to develop and improve.</p> <p>Eddy mentioned that naming of PFAS related substances are important to follow the same language, which is important for (re)insurance industry from a wording point of view. Currently there are lot of exclusions, continuously developing all the time. Regulatory status differs as there is no uniformity between the EU and the US on the subject of PFAS. Ban on EU level doesn't take into account all the products, but only few. The New Product Liability Directive is enlarges the exposure of insurance companies. Eddy presented an example from Sweden where the court cases were based on correlation rather than causality.</p> <p>PFAS is an actuarial challenge as risk is difficult to estimate, but some models are available. Eddy informed the committee on a paper published by Guy Carpenter and Verisk as well as a paper from the</p>

		Geneva Association, which was presented at the last Evolving Liability conference.
5.2	5'	<p><i>Discussions and Q&amp;A</i></p> <p>The committee discussed about the unawareness of the problem and the responsibility of the insurance industry to educate people on the risk. In addition geo-plotting and locating the risk was mentioned as being an important topic.</p> <p>Loudina Erasmus raised a concern on the safety of the food chain in general stemming from for example microplastics and agricultural chemicals.</p>
<b>6.</b>	<b>15:05</b>	<b>SUSTAINABILITY</b>
6.1	15'	<p><i>Sustainability and Climate Related Risks Working Group (SCrR WG)</i>  Jérôme Crugnola-Humbert - An update on the activity of the WG.  Including an update from Stephanos Hadjistyllis on Stage 2 of <i>the AAE Own Sustainability Project (Annex 6.1)</i></p> <p><b>Notes</b></p> <p>Jérôme Crugnola-Humbert informed he will step down from the chair position in the autumn and Frank Schiller will be the new chairperson. He also told that the vice-chair position of the working group is currently open and additionally there is a need to increase a number of active members of the group.</p> <p>Bogdan Tautan proposed to help in engaging with new members, following the process adopted in the AI-DS working group.</p> <p>Jérôme provided an update on the activity of the working group. They have contributed to the AAE responses to EIOPA consultations on climate and sustainability related topics. The activities include information sharing and capacity building: climate and sustainability initiatives and publications from EIOPA, European countries, AAE members, national associations, IAA, NGOs etc. The working group has had many guest speakers visiting the meeting.</p> <p>Jérôme also informed the committee on the EU climate resilience dialogue report.</p> <p>Stephanos Hadjistyllis gave an update on Stage 2 of the AAE Own Sustainability Project. The AAE emphasizes the importance of sustainability and believes it is imperative to reflect this principle in its own actions. Stage 2 continues the work from stage 1 and covers analyzing, assessing and providing recommendations on the identified areas. Final report will be ready in September 2025.</p>

6.2	10'	<p><i>Discussions</i></p> <p>The committee discussed in general the challenges regarding investing in prevention. Who pays the cost? Jérôme noted that prevention makes sense in a longer time horizon and cannot be measured in short term. He also pointed out that the viewpoint on how sustainability is changing as a physical climate risk is changing anyway for the next 20 years.</p>
	15:30	<b>BREAK</b>
<b>7.</b>	15:45	<b>CONSULTATIONS</b>
7.1	15'	<p>To note consultations the AAE has responded to.</p> <p>Stephanos Hadjistyllis to give an update and overview of the recently finalized and ongoing consultations. The key messages will cover topics related to Solvency II, Sustainability and AI. (<b>Annex 7.1</b>)</p> <p><b>Notes</b></p> <p>Stephanos Hadjistyllis gave an update and overview of the recently finalized and ongoing consultations from risk management point of view. The key messages covered topics related to Solvency II, Sustainability and AI. He explained it is busy legislative period in Europe making it busy time for consultations as well.</p> <p>Stephanos informed that the whole consultation process is described in the AAE website where everyone can find all the summaries as well. He requested members to be active in contributing to the consultations either by themselves or sharing to any member of the association who have expertise and could contribute.</p> <p>Martin Melchior expressed the appreciation for the clear process with consultations.</p> <p>Karel Goossens – more responsibility on members of the RMC would be ideal - to be active and obtain inputs for the consultations once announced or requested by Stephanos.</p> <p>Bogdan and Stephanos agreed, that on risk management related topics, the ownership of the process should remain within the RMC. Annina Pietinalho added that guidance and encouragement around the topics might help when requesting the participation to consultations.</p>
7.2	5'	<i>Discussions</i>

		<p>The committee discussed on the challenges forming the AAE view. There can be either different views between contributors or only one answer received from the association.</p> <p>Stephanos emphasised that even when a higher level opinion is provided, admitted that even the opinion on high level reasonability is much appreciated and provides better assurance that AAE is representing wider actuarial European community. He encouraged all committee members to contribute and mentioned that no special expertise is needed. The more associations participate, the credible the responses are.</p> <p>Martin Melchior mentioned that the consultation process is well planned making it easy for contributors.</p> <p>Karel Goossens concluded it is realistic to expect everyone to participate every time. He proposed that by each consultation process, a committee member or few members would be responsible to draft a response as part of the RMC, to keep the members engaged.</p>
<b>8.</b>	<b>16:05</b>	<b>MODEL RISK</b>
8.1	5'	<p>Martin Melchior to present topics and issues related to model risk and governance. (<b>Annex 8.1</b>)</p> <p><b>Notes</b></p> <p>Martin Melchior presented issues related to model risk and governance. Topic has been mentioned earlier as one possible topic for discussion within RMC. Model risk is one of the biggest and most influential risks, but rarely used as explanation for losses or bad decisions.</p> <p>Melchior introduced what actuaries already have in standards ESAP1 and ESAP2 and in the EAN on governance. Additionally, SOA and IAA have produced material. He initiated a discussion with a claim that insurance and pensions are behind on model risk management compared to the banking sector.</p>
8.2	5'	<p><i>Discussions and next steps.</i></p> <p><b>Notes</b></p> <p>The committee discussed that the topic is valid, and model risk should be recognized, understand but there is also a need for methods to avoid the risk.</p>

		<p>Frank Schiller proposed to divide the work in different models/areas because each have different risks areas and detailed level. He proposed pricing (more guidance already available), risk modelling (you need to demonstrate the suitability and adequacy of the risk model). In addition, a differentiation between the Standard models and Internal models needs to be made.</p> <p>Stephen Wilcox proposed concentrating on the model risk in general and topics which are common for all the models. He mentioned UK has requirement for banks to follow model risks that could be used as an example</p> <p>Based on the agreements, and disagreements within the group, the committee agrees that model risk is a challenge for the profession.</p>
<b>9.</b>	<b>16:15</b>	<b>OPERATIONAL RISK</b>
9.1	5'	<p>Malcolm Kemp and Karel Goossens to present the key changes to latest draft of the Operational Risk paper. (<b>Annex 9.1</b>)</p> <p><b>Notes</b> Malcolm Kemp and Karel Goossens presented the key changes to latest draft of the Operational Risk paper. The paper is detailed, based on Martin's remarks, the committee discussed whether it would be good to produce a simplified shorter version or a blog on topic as well.</p>
9.2	5'	<p><i>Members are asked for a final approval. Any additional comments/remarks can be dealt with afterwards.</i></p> <p><b>Notes</b> The committee gave a final approval for the paper, to be published and be brought to the attention of the board. After its final approval, Malcolm agreed to look at a shorter version and identify potential ways to deal with that.</p>
<b>10.</b>	<b>16:25</b>	<b>EMERGING RISKS RADAR</b>
10.1	10'	<p>Frank Schiller to present an overview of the CRO Forum's Emerging Risks Radar, and identify new topics which are of relevance for the Risk Management Committee. (<b>Annex 10.1a and 10.1b</b>)</p> <p><b>Notes</b> Frank Schiller presented an overview of the CRO Forum's Emerging Risks Radar for discussion and as a possibility to identify new relevant</p>

		<p>topics for the Risk Management Committee outside the regulation requirements.</p> <p>Frank presented the risk radar with different time horizons: now, 1-5 years and 5-10 years and risk by different sectors: social, regulatory, technological and environmental. He also noted that the committee should focus on risks that are relevant as emerging risks for Europe and AAE. IAA shall handle global topics and MAs will concentrate on the local topics.</p>
10.2	10'	<p><i>Discussions, identifying the topics and next steps.</i></p> <p><b>Notes</b></p> <p>The risk radar was concluded in a useful way by recognizing a set of relevant topics and risks than the common ones that are now stemming from existent regulation. Members conducted a survey and selected their top most relevant risks that could be addressed by the committee.</p> <p>The top three emerging risks that were selected by the committee were:</p> <ul style="list-style-type: none"> <li>- Geopolitical and Economic Instability</li> <li>- Ageing and Health Concerns</li> <li>- Autonomous machines / AI</li> </ul> <p>The results of the survey are attached as an Appendix to the Minutes. See: Appendix_10.2_Emerging_Risks_Survey.xlsx.</p>
<b>11.</b>	<b>16:45</b>	<b>INFORMING OTHER TOPICS</b>
	5'	<p><i>Meeting with external organisations and stakeholders</i></p> <p>To note the <a href="#">overview of meetings</a> held between delegations of the AAE and respective stakeholders (see <b>Annex 11.1a</b> for 2024 Q4).</p> <p><b>Notes</b></p> <p>Bogdan informed the committee on the meetings held between delegations of the AAE and respective stakeholders.</p> <p><b>TERMS OF REFERENCE and CROSS COMMITTEE WORK</b></p> <p>Call for volunteers to review the current ToR (<b>Annex 11.1b</b>)</p> <p><b>Notes</b></p> <p>A call for volunteers to review the current ToR was made. In addition to Bogdan Tautan, Markus Bonn, Karel Goossens and Annina Pietinalho volunteered.</p>
<b>12.</b>	<b>16:50</b>	<b>ANY OTHER BUSINESS</b>



		<ul style="list-style-type: none"> <li>• Unaddressed topics</li> <li>• Frequency of the virtual meetings</li> </ul> <p><b>Notes</b></p> <p>The frequency of the virtual meetings was agreed to be every second month.</p>
<p><b>DATE OF NEXT IN-PERSON MEETING</b></p> <p>25 September 2025 (tbc) in conjunction with the AAE Annual Meeting in Paris, France, hosted by the Institute des Actuares.</p>		