

**Notes of a meeting of the Standards, Freedoms and Professionalism Committee
Held on Thursday 21 September 2017 from 08.30 – 13.00 in Copenhagen**

The participants list is attached as **Annex 0.1**

1. OPENING OF MEETING AND ADOPTION OF THE AGENDA

The chairperson welcomed members to Copenhagen, particularly those for whom it was their first meeting, and thanked the Danish Association for hosting the meeting.

All participants introduced themselves. No further (confidential) matters were noted. The agenda - attached as **annex 1** - was confirmed.

2. MINUTES OF PREVIOUS MEETING

- 2.1 The minutes were noted and confirmed. Jan Kars reported with regret that contrary to earlier promises, he was not able to find any volunteers from The Netherlands to contribute to the EAN. The chairperson reported in response, that Samuel Achord had agreed to manage this project. This was further discussed at item 3.4.
- 2.2 There was one item added to the agenda which was discussed at item 18 Any other business: Draft protocol on the establishment of TFs and working groups.

3. ACTUARIAL CODE AND STANDARDS

- 3.1 Gábor Hanák gave a short update on the report submitted which was attached to the agenda. Gábor introduced Hillevi Mannonen as his successor as chairperson of the SPT. Both Gábor and Yvonne Lynch are formally stepping down. Gábor emphasized that new volunteers are necessary.
The chairperson thanked both Gábor for his work on chairing the SPT and Yvonne for her valuable contributions as a member.
- 3.2 **ESAP3**
The approval of ESAP3 was noted.
Due process requires a full report on the ESAP3 process, which will be drafted by David Hare, chairperson of the ESAP3 task force, and will be shared with the SFPC once available.

3.3 ESAP5

Wolfgang Deichl, chairperson of the ESAP5 task force, presented the developments on ESAP5. His presentation is attached as **Annex 3.3**.

A discussion developed on how to proceed from here. There was not much support to continue to develop a model standard on ESAP5 at the moment. The main arguments included the belief that it would conflict with local country audit standards and that there are different customs in this work area across Europe. EIOPA, however, was in favour of more harmony. Gábor Hanák reported that to perform a proper audit it will be necessary to have standards. It is all about having the right governance around actuarial judgment. Esko Kivisaari suggested developing an EAN as an alternative to give assistance to actuaries and enhance discussion. This may, at some later point, develop into a model standard. This suggestion was supported by the meeting. The chairperson emphasized that developing an EAN has the advantage that we are not as limited by time constraints as when developing an ESAP.

It was agreed that a joint taskforce of members from both the Insurance committee and the SFPC will follow up on this, and are asked to include EIOPA's viewpoint. The chairperson requested volunteers to step forward. Wolfgang Deichl was asked to enquire in his TF whether there are any volunteers.

The current ESAP5 task force was disbanded, since the ToR do not allow for the development of EANs.

3.4 European Actuarial Note (EAN) to accompany ESAP3

According to our due process the SFPC is requested to give permission to develop the EAN, which will then be developed by the Insurance Committee. A Proposal to Develop this EAN was presented by Esko and accepted by the committee and so permission was granted. Samuel Achord had agreed to lead the task force. A discussion was to be held in the Insurance committee to find whether members of the ESAP3 TF are available to continue their support by joining this Task Force.

Esko Kivisaari remarked that due process requires that SFPC provides a style guide. The chairperson proposed to look at the style guide used by the IAA and emphasized that the absence of the style guide should not interfere with the start of the TF on the EAN.

3.5 Arrangements for Monitoring Adoption of ESAPs by member associations

Birgit Kaiser was asked at the Reykjavík meeting to observe developments in the IAA on this issue. Birgit reported that there were no developments and agreed to keep following this topic for the AAE in the IAA.

4. CODE OF PROFESSIONAL CONDUCT

Yvonne Lynch gave an update on the report submitted with the agenda.

Assuming the General Assembly approved the CoC, the implementation date would be 1 January 2021.

Yvonne stressed that any further detailed revisions of the code will not have to be approved by the General Assembly.

Appreciation of the Q&A was expressed and the task force led by Yvonne Lynch was thanked for their good work.

5. STRATEGY REVIEW AND RELATED ISSUES

- 5.1 The Vision, Mission, Aims and Strategic Objectives were noted and the ISRP TF was thanked and recognized for their valued work which was carried out in a relatively short period of time.
- 5.2 The documents submitted on Governance were noted.
- 5.3 Karel Goossens explained the process that took place leading to the recommendation to transform the ToRs of the IFRC and to include the activities of the TF Risk Management. A further change of the name of the IFRC into the Risk Management Committee (RMC) would be discussed in the IFRC meeting that is scheduled for Friday 22 September 2017. Considering these developments, Gábor Hanák suggested combining the two traditional Spring meetings, given the fact that there may be overlap in representation in the various committees. From the view of the smaller associations this may be more efficient especially regarding to travel. Malcolm Campbell responded by reflecting on the history on why the spring meetings are organised separately which was to allow for more possibilities for smaller associations to host. Clearly the matter depends on the conflicting travel and hosting implications for the smaller associations. The matter should be decided by the new AAE Board. Esko Kivisaari commented that it seemed that too much emphasis was put on these meetings which may result in delay in action. He suggested to make more use of teleconferences in between the meetings to generate more interaction and discussion.
- 5.4 The press release on the unchanged relationship of the IFoA in the context of Brexit was duly noted.

6. PROFESSIONALISM ISSUES

6.1 Mutual Recognition Agreement (MRA)

The chairperson explained the process that led up to document attached as **annex 6.1**. Three issues were identified from the survey conducted end 2016:

- The need to refresh the documentation – the MRA itself and the side letter (Heubeck letter). A working group (Yvonne Lynch, Birgit Kaiser and Suzie Lyons) was working on this (see 6.1.1.)
- To look at pairs of associations that have difference on MRA issues (see item 6.1.2)
- A proposal to suggest monitoring the movement of people using the MRA. Because of the lack of resources at the secretariats of both member associations and the AAE, there was no enthusiasm to follow up this proposal.

- 6.1.1 Yvonne Lynch explained the work conducted so far and requested Member Associations that have experience with questionable issues on membership under the MRA, to share this before 20 October so that the working group can include this in their review.

- 6.1.2. Specific issues relating to individual recognition.

Some current issues were further explained:

- Gábor Hanák reported about a discussion on 2 particular cases that involved 2 Hungarian actuaries applying for DAV membership in Germany. The complaint mainly concerned the impression that they were not fully equal to full members of DAV. The issue has now been resolved. Dieter Köhnlein explained that “Assoziierten Mitgliedern (Associated Members) is a title DAV uses for members entering through

the MRA. He recognized that the wording may create a misunderstanding, but also emphasized that this is still a full member category.

- José Mendinhos mentioned a current situation where a Portuguese actuary, based in Lisbon but working for foreign clients, has an issue with the membership application in another country (name not revealed).
- Other existing issues between MAs did not show much development. This concerns issues between Hungary/UK, Switzerland/UK and Belgium/UK.

The chairperson emphasized that it is important that MAs discuss any issues that arise – level of university levels, etc.

It was agreed to check the wording of the MRA and/or the Heubeck letter to allow for a provision for issues like this.

6.2 Continuing Professional Development

After a short discussion it was decided to continue monitoring the developments within the IAA in relation to the question of requiring member associations to make CPD compulsory. Malcolm Campbell explained the idea has been “pushed back” at the IAA as it cannot be seen as a regulator. Discussions continue between the choice of recording the mandatory number of hours or recording the outcome of the CPD hours.

Maria Kamenarova suggested that the AAE issues a declaration that CPD is important. Her observation was that there seems to have been little progress in the past years.

It was agreed to proceed further with this issue and check with the Education Committee about a review of the existing CPD Strategy document (from 2008) and an update where appropriate. It will be presented to the SFPC for further discussion on its status (standard, guideline, etc.).

Jan Kars stressed that rather than just putting something on paper and ‘forgetting about it’ there should be an ongoing process/review. Peter Prieler suggested the SFPC make a strong statement that CPD should be compulsory. Gabor Hanak too was keen on compulsion to demonstrate a measure of competency. Tatiana Bitunska argued that compulsory CPD should go together with a system of sanctions. She asked for information about CPD registrations in use by Member Associations. José Mendinhos added that a lot can be achieved without a compulsory system.

Ad Kok pointed out that the AAE website contains information on the [CPD requirements](#) from only 23 Member Associations.

Connecting this to the MRA review was discussed. Yvonne agreed to look at the wording on CPD in the MRA, but emphasized that members under MRA must accept the requirements of the individual association on CPD.

Regarding policing CPD, various experiences were shared (Bulgaria, Belgium, Ireland, Hungary, Portugal) which showed that policing is a local Member Association issue.

7. ROLES OF ACTUARIES

Karel Goossens gave an update on the results of the survey conducted to which 14 Member Associations responded (see **annex 7**). The report will be presented in other committees as well and their views will be taken into account.

The great achievements of this project in setting up the Task Force on Risk Management and that TF’s merging with the IFRC to become the Risk Management Committee were noted with thanks.

Karel specifically requested new volunteers since with the stepping down of Gábor Hanák the Roles of Actuaries task force now only consists of Karel Goossens and Kartina Thompson. The SFPC confirmed the assessment of priorities and suggested actions, as drawn up by the task force. Karel mentioned that to take matters forward experts on the various issues are needed and should ideally take the lead. This will also be discussed when he presents the topic in the technical AAE committees.

In a lively discussion the following issues were addressed:

- Cooperation with other professions/organisations, including the IAA and ASTIN
- Defining what is already available
- Yvonne's suggestion of organising a roundtable on data science
- Engaging with projects in Artificial Intelligence

It was agreed that the topic is important for the future of the actuarial profession. The task force could act as an advisory group for the various technical committees.

8. **GLOBAL ERM QUALIFICATION (CERA)**

Malcolm Campbell gave an update on the developments regarding the applications for the various CERA memberships and announced that besides Italy both associations in Spain applied for Award Signatory status. There are now over 4000 CERA qualified actuaries worldwide. Now CERA is established, the CERA strategy is under review, including the marketing of CERA outside traditional actuarial areas. There is now a branding exercise under way.

9. **CONSUMER PROTECTION WORKING GROUP**

In the absence of the chairperson, Valery Jost, Michael Renz, a member of the working group, presented the report attached to the agenda. The working group mainly focused on 2 PRIIPS consultations and reported that a call had been held with EIOPA on technical issues. The follow up call with EIOPA will be postponed since the information received showed that implementation on a national basis is just underway. The draft ToRs were agreed upon. It was also agreed to submit an (ambitious) action plan to the SFPC.

10. **ACCREDITATION OF MEMBER ASSOCIATIONS**

The chairperson reported that the AAE relies on the Accreditation Committee of the IAA for Code of Conduct and Discipline Scheme vetting and the IAA relies on the AAE to accredit European associations' education systems. This arrangement with the IAA is continuing. Currently there is one association being assessed for admittance to full membership. This is being dealt with by the AAE Education committee. Since the IAA is in the process of implementing a new Core Syllabus, it was decided that the AAE will monitor this process to be aware of developments. Malcolm Campbell expected the IAA Core Syllabus to be approved at the next meetings in Chicago. The AAE Education Committee is working on the presumption of the draft Core Syllabus being accepted.

Given the relationships between the IAA CoC requirements for associations and the AAE Model CoC and the expected approval of the revised AAE CoC, which will be a requirement on associations by 1 January 2021, there is no immediate need to change anything. However, this requires on-going monitoring.

11. **AAE AND IAA – ISSUES OF MUTUAL INTEREST**

11.1 The proposed MoU will be presented to the GA for approval on Friday 22 September.

11.2 Malcolm Campbell mentioned that there is a discussion ongoing within the IAA on the precise definition of Fully Qualified Actuaries (FQAs). This is an area of debate within the IAA and should also be discussed within the AAE regarding the various definitions/recognition of FQA (and subsequently the various levels of membership such as Fellow and Associate). Other issues which will be further discussed in Chicago:

- IANs
- Disciplinary schemes and guidelines

12. **REVIEW OF COMMITTEE PRIORITIES**

The discussion in Reykjavík resulted in a revisit of the SFPC Priorities by the Chairperson in his review of committee priorities. The existing list of issues (see **annex 12**) on page 1 are confirmed, the items on page 2 are of less priority. Jan Kars believed that the main priorities were too large in number and suggested combining elements/topics with clearly defined priorities from Page 1 and offered to assist in this process.

13. **ACTIVITIES IN THE COMMITTEES OF THE AAE**

The chairperson noted the SFPC report to the General Assembly as well as the reports to the GA from other committees.

14. **MEETING WITH EXTERNAL ORGANISATIONS AND STAKEHOLDERS**

The overview was well received and requested to be posted on the website, with at least the topic of discussion included and preferably a link to a short report.

15. **FUTURE ANNUAL AND SPRING MEETINGS**

15.1 *Annual Meetings*

The venues and dates – where known – were noted:

2018 – The Netherlands – city and date to be confirmed

2019 – Vienna, Austria – 9-12 October 2019

No offers to host the Annual Meeting from 2020 and onwards were received.

15.2 *Spring Meetings*

The invitations from Poland and Portugal to host below meetings were noted and accepted.

2018 – Warsaw, Poland – 4 May - Pensions, IFR and Education

2018 – Lisbon, Portugal – 12-13 April - Insurance + Standards, Freedoms and Professionalism

One offer to host spring meetings from 2019 was received and will be further investigated. Further offers are welcomed.

16. **INFORMATION EXCHANGE**

The Chairperson stressed that the reports submitted by IFoA, SAI, FRC and ICA2018 were well received and appreciated. He encouraged other delegates to submit similar reports. The update on ICA2018 included the expectation that the full programme will be ready by the year end. Prominent speakers are expected to attend.

17. **DATE OF NEXT MEETING**

The next meeting of the SFPC will be held in Lisbon on 13 April 2018, at the invitation of Instituto Actuarios Portugueses.

18. **ANY OTHER BUSINESS**

A protocol on the establishment and definitions of task forces, working groups, etc. has been drafted and will be distributed to the SFPC within the next weeks. Comments are welcomed and the aim is to have it finalized within the next coming months.

19. **RESERVED (CONFIDENTIAL) BUSINESS - if any**

No requests were received.