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Information document on AAE's Governance, 2017

This paper is addressed to AAE's Member Associations for the consultation starting the 14th of March 2017 and ending on **14th of April 2017**.

1. Executive summary

A task force called "Implementation of the Strategy Review 2016 Proposals (ISRP)" was established by the Standards, Freedoms & Professionalism committee (SFPC) and began its work on 16/12/2016.
This ISRP task force succeeded to a predecessor task force, called "Strategy review 2016" established by the Officers.

The conclusions of this first task force were presented at the Presidents' Meeting on 1 September 2016, at the SFPC meeting in Barcelona on 22 September and to the General Assembly on 23 September 2016. At the Barcelona SFPC meeting consensus was achieved regarding the general strategy and the strategic objectives whereas more discussion was requested on the review of the governance structure. The General Assembly in Barcelona endorsed the SFPC proposal to continue its work on the implementation of the strategy review through a new task force. The ISRP TF was created for that purpose.

The ISRP TF is now ready to propose a new draft for the Vision, Mission and the new Strategic Objectives in line with the suggestions of the Strategy Review Task Force: "The Vision still applies, however, some minor revisions seem appropriate. The Mission is very broadly formulated and needs a more thorough review." If endorsed by the SFPC and the Officers, the Vision, Mission and Strategic Objectives may be proposed for an electronic vote by the General Assembly of the AAE.

On governance, the ISRP TF discussions have been finalized. Changes of the governance structure include amendments to the statutes and the Terms of Reference of the Board and the Nominations Panel.

Transitional measures for committees are still under discussion. Committees and their chairs are the engine room of the AAE. Evolution of the governance is intended to reinforce that through a stronger involvement of member associations.

In parallel with the consultation, a call will be organized to present the ISRP TF works and the consultation questions to the SFPC and to the Member Associations. Based on the result of this consultation, the intention is to present an interim report to the SFPC at the Spring Meeting in Reykjavik on Friday 12 May 2017. It is intended that if the interim report is endorsed by the SFPC and the Officers,

the Nominations Panel would seek candidates for the different new functions, if any, in parallel with the finalization of the work of the task force. A final report will be prepared for consideration by the SFPC and the General Assembly at the Annual Meeting in Copenhagen on Friday 22 September 2017. The task force and its two subgroups on strategy and on governance met regularly in January and in February, at least one call per week and a meeting in person in Brussels on the 7th of February.

Members of the task force are Nick Dumbreck, Birgit Kaiser, Luis Sáez de Jáuregui, Jeroen van den Bosch, Giampaolo Crenca, Christophe Heck, Tony O'Riordan, José Manuel Mendinhos, Hillevi Manonen, Gábor Hanák, Inga Helmane. The Task force has been coordinated by Thomas Béhar, Vice-Chairperson of the Actuarial Association of Europe.

Contents

1. Executive summary 1
2. Role and Composition of the Board of Directors 4
2.1 Summary of strategy review's key elements and need for change 4
2.2 Summary of ISRP Task Force discussions - Role of the Board of Directors 4
2.3 Composition of the Board of Directors 6
2.4 Composition and duties of the Nominations Panel 8
3. Feedback from sessions 10
3.1 Feedback from General Assembly Meeting 10
3.2 Feedback from the Strategy Task Force 10
3.3 Feedback from MAs - Overall 11
4. Appendices 22
4.1 Board of Directors 22
4.2 Links between Board and Committee Chairs 26
4.3 Nominations Panel 28
4.4 Comparison of Statutes 30
4.4 Survey on AAE's Governance 50

2. Role and Composition of the Board of Directors

2.1 Summary of strategy review's key elements and need for change

From the strategy review and the General Assembly meeting held in Barcelona (for more information please see section 0 in Appendix), there was a clear request to redefine the Board's role and composition.

As per the survey, the mains reasons are:

- The Board of Directors should propose the strategy and monitor its execution while the Committees, Working Groups and Task Forces should execute it. In the current composition, there is a blurred line between who owns the definition of the strategy, the monitoring of its execution and the execution itself.
- Member associations should have stronger link with the AAE as the Presidents' Forum is not sufficient.
- Importance of being flexible in executing the strategy and therefore, importance of having more flexibility in creating and disbanding Committees and setting their ToRs.

2.2 Summary of ISRP Task Force discussions - Role of the Board of Directors

Based on a survey among member associations as conducted by the predecessor task force on the future mandate of the Board of Directors, the previous Terms of Reference for the Board (which had not been submitted to the General Assembly) as well as the ISRP Task Force's own considerations regarding the various AAE activities (please see Table 1) the Task Force has developed a proposal on the future role of the Board. This is reflected in the new draft of the Terms of Reference which comprises all duties of the future Board as regards

- Strategy
- Execution
- Finance
- Operations
- Relationship management and
- Information.

The Task Force carefully considered how the Board's role could be outlined in order to optimally execute the AAE's strategy. In particular the Task Force examined how the management of the AAE Committees could be further improved in terms of establishing and monitoring the committees and appointing the future leadership.

The Task Force came to the conclusion that the creation of Committees and the nomination of their Chairpersons are decisions that cannot be delegated to the Board of Directors. Therefore the General Assembly should create Committees as proposed by the Board and elect their Chairpersons as per the Nomination Panel's recommendation.

The following table summarizes how the various roles and responsibilities are shared between the bodies of the AAE:

Roles and responsibilities	GA	Board	CEO	Nomination Panel	Committee chairs	Task Force chairs
Nominating Board				X		
Electing Board	X					
Developing Strategy		X				
Approving Strategy	X					
Proposing Committees		X				
Creating Committees	X					
Nominating Committee Chairperson				X		
Electing Committee Chairperson	X					
Supervising Committees		X				
Driving Committee's activities					X	
Creating Task Forces		X			(X) delegated to the Committees which look for the Board of directors' consent	
Electing Task Forces Chairperson		X			X	
Supervising Task Forces		X			(X) delegated to the Committees which look for the Board of directors' ongoing consent	
Driving Task Forces' activities						X
Recommending admission/rejection new members		X				
Approving admission/rejection new members	X					
Reporting activities and open positions		X				
Organizing staff and accommodation		X				
Preparing external relationship policy		X				

Organizing Annual Meetings		X				
Approving external relationship policy	X					
Executing external relationship policy (representing the AAE)		X			(X) if delegated by the Board (e.g. Technical Discussions)	
Recommending annual budget		X				
Approving Annual budget	X					
Supporting board and Chairpersons			X			

Table 1: AAE's activities

Details are summarized in the Board of Director's Terms of Reference in paragraph 4.1.

2.3 Composition of the Board of Directors

Based on the feedback collected from the strategy review and General Assembly meeting held in Barcelona, the Task Force has looked at different Board compositions and came up with six different scenarios. The main difference consisted of whether the Committee Chairpersons would be Board Members or not. The minor differences consisted of how the composition of the Board can best balance various factors, that the TF felt important to achieve proper diversification, when choosing candidates from Member Associations. The Task Force considered various scenarios and finally short-listed three main scenarios:

Scenario	Description
A	• As per current situation
B	• The Board of Directors comprises the Chairperson, the Vice-Chairperson, the Immediate Past Chairperson, and six additional members, one of whom will assume the role of Honorary Treasurer. • Each voting categories gets at least one seat with no more than one representative from each Association. • Committee Chairpersons are not Board Officers but are invited to the Board meetings. Committee Chairpersons are eligible for appointment as Board members, but then have to retire from committee chairmanship
C	• The Board of Directors is composed of thirteen members (similar to scenario A, but one seat per voting category is added). • Committee Chairpersons are Board Officers.

To ensure a good diversity (voting rights, size of association, geography, gender and otherwise), the Task Force proposes that the Board Members have a term of three years, with two members retiring each

year (i.e. staggering Board Member rotation). A term of office may only be renewed further if a member is elected Vice-Chairperson.

In addition, the Task Force proposes to delegate the task of maintaining diversity while ensuring that the Board Members have the right skills to the Nominations Panel rather than adding diversity rules in the ToRs and Statutes, as this would hinder flexibility without adding value. The Task Force has updated the Nominations Panel's ToR accordingly. This change will strengthen the importance of the role of the Nominations Panel. You will find more information in paragraph2.4.

In order to define which scenario is best, the Task Force has developed the following scoring:

a. Oversight by the Board of the strategy execution by Committees, Working Group and Task Forces are done independently;
b. Fair representation in the board of small, middle and big associations;
c. Fair representation of voting rights;
d. Efficient and easy communication between Board and Committees Chairs;
e. Improve member associations involvement;
f. Ensure that Committees Chairperson and Board Officers have the right skills for their respective mandate;
g. Ensure AAE's organizational flexibility;
h. Fitness of the Board to deliver the SOs of the AAE effectively.

Based on those criteria, the Task Force came to the conclusion that scenario B corresponds best to the feedback provided by the Member Associations in the strategy survey last year and during the General Assembly meeting held in Barcelona.

Scoring item	Scenario B
Oversight by the Board of the strategy execution by Committees, Working Group and Task Forces are done independently	Improved oversight as Committee Chairperson are not in the Board. In fact, it is hard to oversee its own work (i.e. Board member who is also Committee Chairperson and is overseeing is own work).
Fair representation in the board of small, middle and big associations	Each voting category has at least one representative in the Board of Directors.
Fair representation of voting rights	Each voting category has at least one representative in the Board of Directors.
Efficient and easy communication between Board and Committees Chairs	The Committee Chairperson will be invited at all the Board of Directors meeting to give their view and be informed of the Board of Directors' decisions.
Improve member associations involvement	As there are more available positions (i.e. a Board Member cannot at the same time be a Committee Chairpersons), Member Associations will have to be more involved.

Ensure that Committees Chairperson and Board Officers have the right skills for their respective mandate	Under Scenario B, a Committee Chairperson cannot be a Board Member. This allows people which don't necessarily have the skills to be Board Member to be Committee Chairperson and vice-versa and increase the probability to find suitable candidates.
Ensure AAE's organizational flexibility	The Board of Directors and Committees can create Task Forces, Working Groups in an efficient manner which allows for high flexibility. In addition, new Committees can be created on an annual basis with after approval from the General Assembly.
Fitness of the Board to deliver the SOs of the AAE effectively.	Currently, the Board Members which also are Committee Chairpersons have to work on the strategy, the monitoring of its execution while managing the Committee and its many tasks. With scenario B, as the Board Members cannot be Committee Chairperson and vice-versa, they will be able to focus on the strategy and the monitoring of its execution which will improve the fitness of the Board to deliver the SOs of the AAE effectively.

Furthermore, the size of the Board in scenario B is the same as the current one. The difference is that the current seats of the five Committee Chairpersons and the Honorary Treasurer would be reallocated to the Member Associations in order to increase Member Association representation in a balanced manner, i.e. each voting category is represented with at least one seat.

In addition, the Nominations Panel will consider the whole Board (i.e. including Chairperson, Vice-Chairperson and Immediate Past Chairperson) when assessing the diversity (voting rights, size of association, geography, gender and otherwise).

2.4 Composition and duties of the Nominations Panel

In order to ensure that Full Member Associations are adequately involved in the important discussions of the Nominations Panel and its recommendations to the General Assembly, the Task Force strongly recommends to enlarge the membership of the Nominations Panel in order to reflect a similar diversity in its membership as required for the Board. The Nominations Panel shall comprise ten persons and include the current Chairperson and Immediate Past Chairperson of AAE as well as two representatives from each voting category. Moreover, a regular rotation of membership appears to be desirable, which is why two or three members of the Nominations Panel should retire each year.

In order to also ensure independence of the Nominations Panel the Task Force recommends that members of the Nominations Panel are neither eligible for the Board of Directors nor as Committee chairpersons.

The duties of the Nominations Panel will comprise submitting recommendations for the following positions to the General Assembly:

a. The Chairperson and Vice-Chairperson;
b. Members of the Board of Directors (except Chairperson, Vice-Chairperson and Immediate Past Chairperson of the AAE);
c. Chairpersons of the Committees;
d. Representatives from each voting category for the Nominations Panel.

In all its recommendations, the Nominations Panel shall have, as far as possible, regard to the distribution of appointments by geography, size of the association, gender and otherwise, as well as an appropriate range of skills and practice areas.

Details are summarized in the Nominations Panel's Terms of Reference in paragraph 4.3.

3. Feedback from sessions

3.1 Feedback from General Assembly Meeting

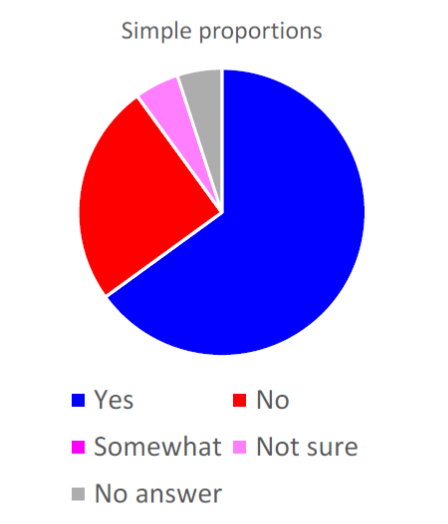
GA_minutes_230916.pdf

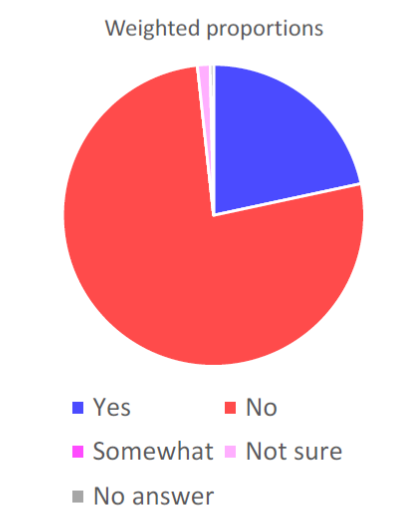
3.2 Feedback from the Strategy Task Force

- The Task Force proposes that, to improve the efficiency of the AAE, the General Assembly should formally delegate some of its powers to the Board.
- Structure of operation should be proposed by the Board but should continue to be approved by the General Assembly. The objective is to gain in flexibility.
- The Task Force proposes that, every year, the Board proposes and the General Assembly decides on strategic initiatives and corresponding annual KPIs for the Board itself as well as for each committee.
    - The strategic initiatives should facilitate annual operational goals for the AAE in order to support the Strategic Objectives
- The Board should also report quarterly to the member associations on the implementation of the strategy by giving an account of the Board's and the committees' actions
    - Organizing and improving the information driven to the member associations was a repeated need of the member associations.

3.3 Feedback from MAs - Overall

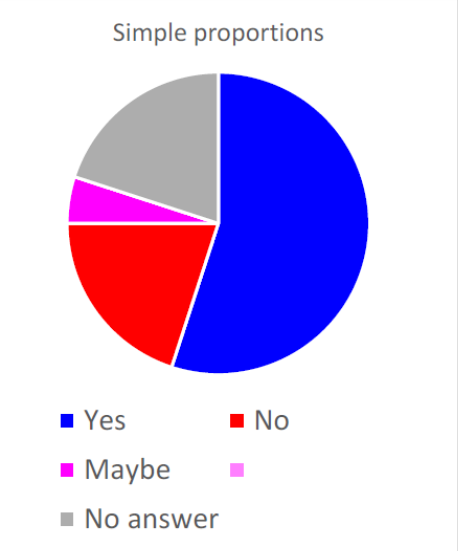
C.2.1 Does your association believe that the current leadership structure is still appropriate?

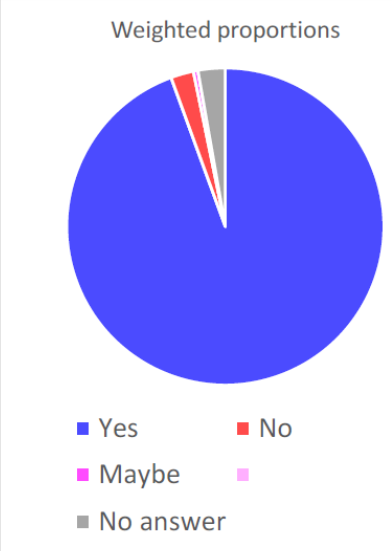




C.2.1.	Simple proportions	Weighted proportions
Yes	65%	22%
No	25%	77%
Somewhat	0%	0%
Not sure	5%	1%
No answer	5%	0%

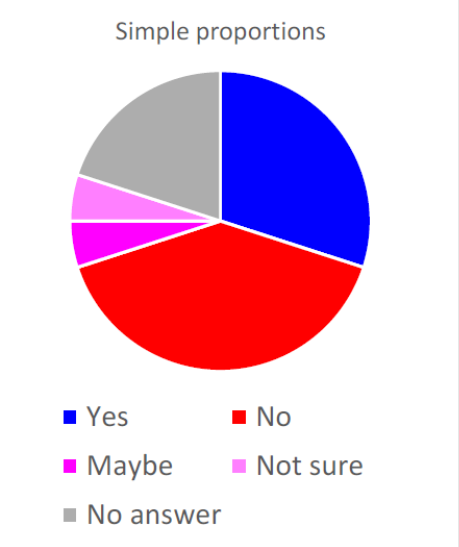
C.2.3 Should there be a stronger link between the governance of the AAE and the leadership of member associations than currently?

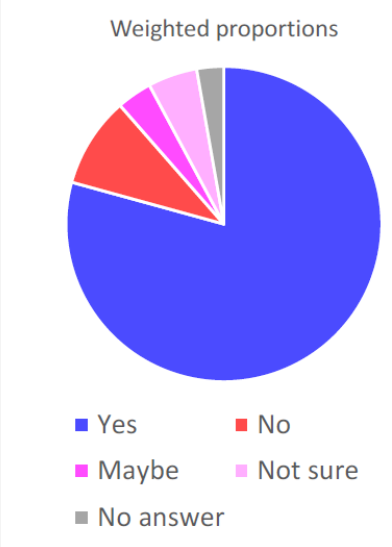




C.2.3.	Simple proportions	Weighted proportions
Yes	55%	94%
No	20%	2%
Maybe	5%	0%
	0%	0%
No answer	20%	3%

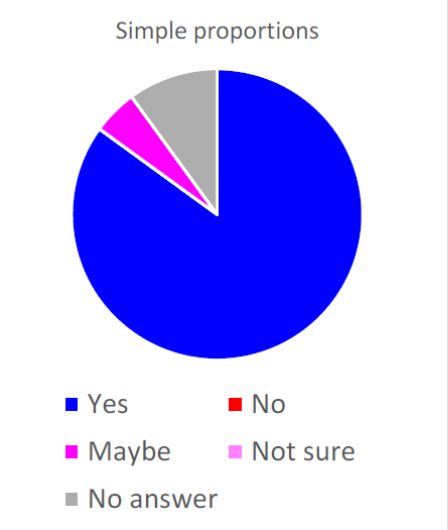
C.2.4 Should the composition of the Board be different from what it is currently?

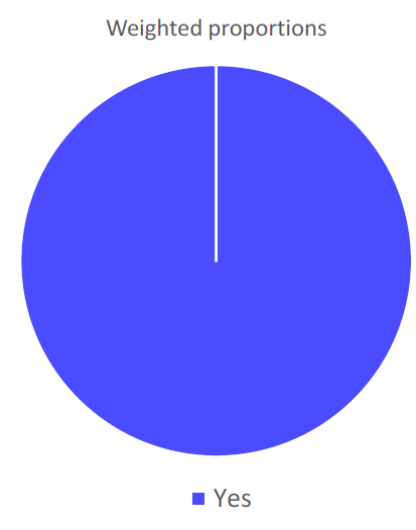




C.2.4.	Simple proportions	Weighted proportions
Yes	30%	79%
No	40%	9%
Maybe	5%	4%
Not sure	5%	5%
No answer	20%	3%

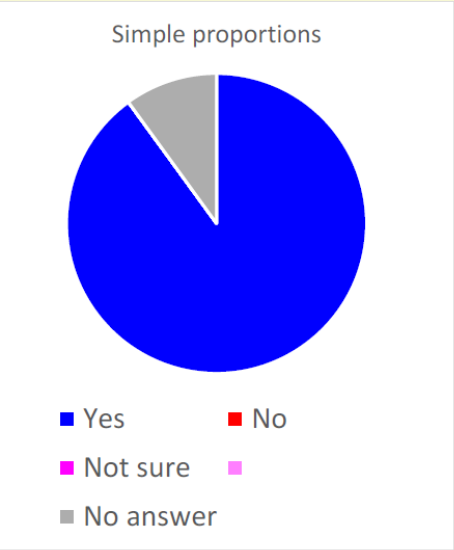
C.2.5 Should the Statutes describe explicitly what the mandate of the Board/Officers should be?

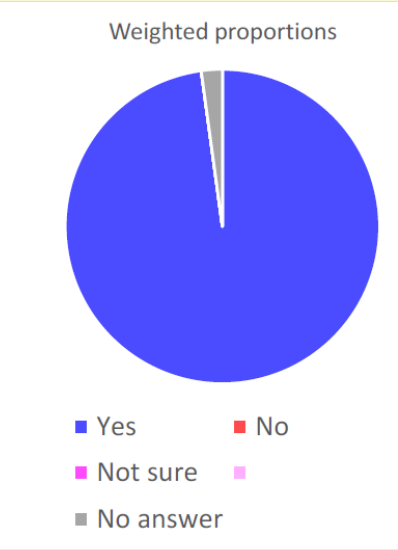




C.2.5.	Simple proportions	Weighted proportions
Yes	85%	94%
No	0%	0%
Maybe	5%	4%
Not sure	0%	0%
No answer	10%	2%

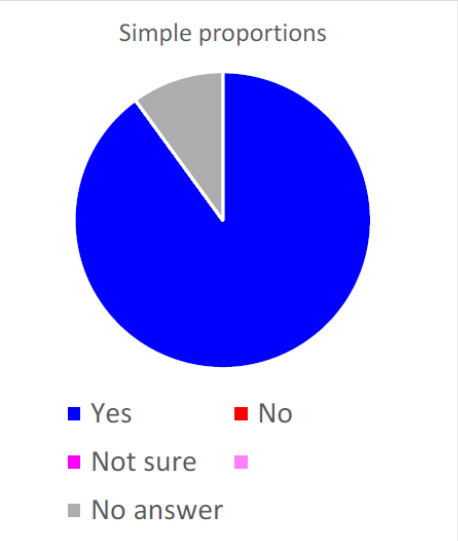
C.2.5.1 Report to GA

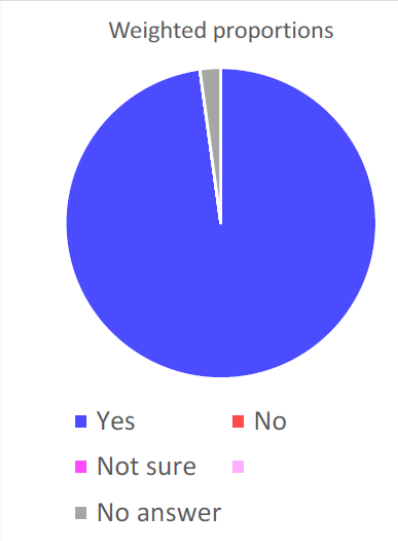




C.2.5.1.	Simple proportions	Weighted proportions
Yes	90%	98%
No	0%	0%
Not sure	0%	0%
	0%	0%
No answer	10%	2%

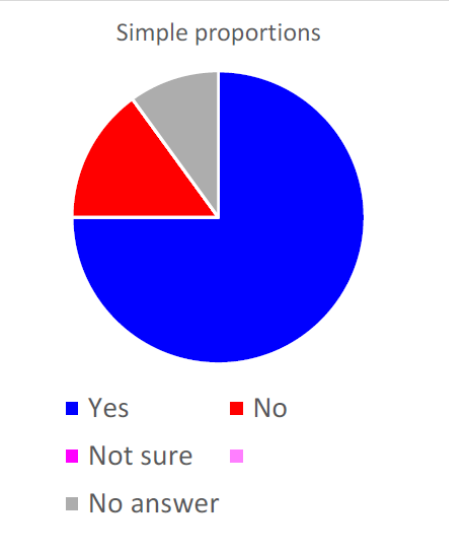
C.2.5.2 Preparing strategic plan

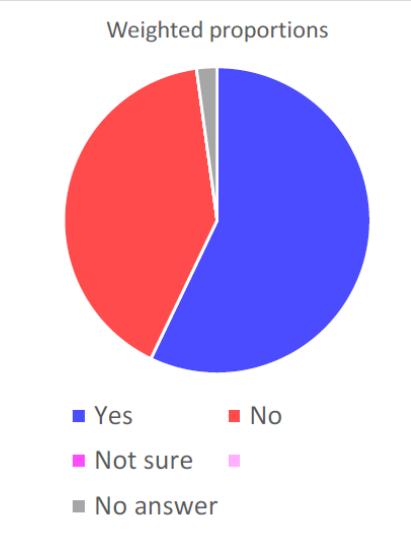




C.2.5.2.	Simple proportions	Weighted proportions
Yes	90%	98%
No	0%	0%
Not sure	0%	0%
	0%	0%
No answer	10%	2%

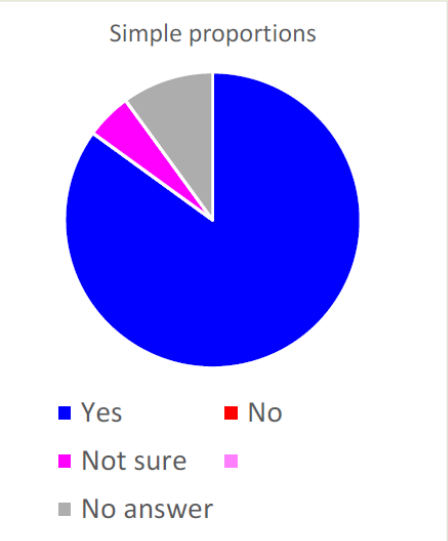
C.2.5.3 Oversight over committees

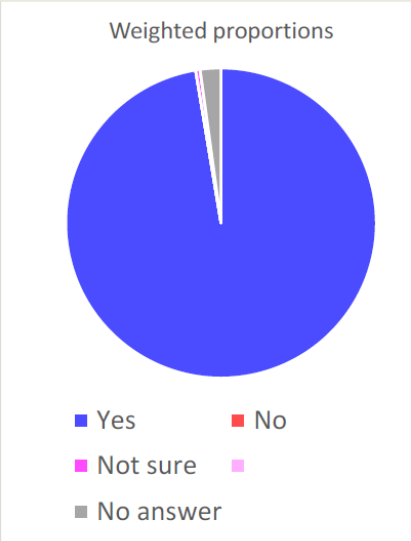




C.2.5.3.	Simple proportions	Weighted proportions
Yes	75%	57%
No	15%	41%
Not sure	0%	0%
	0%	0%
No answer	10%	2%

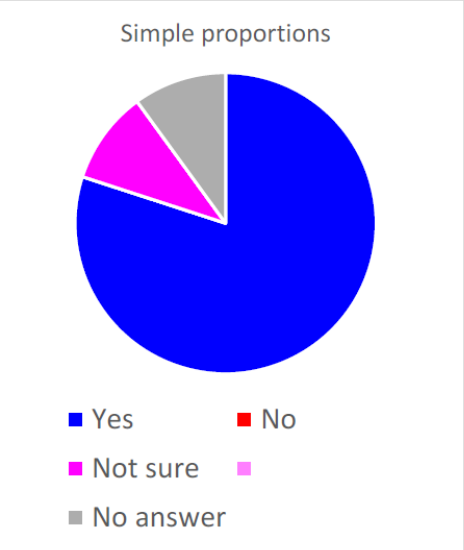
C.2.5.4 Preparing external relationship policy

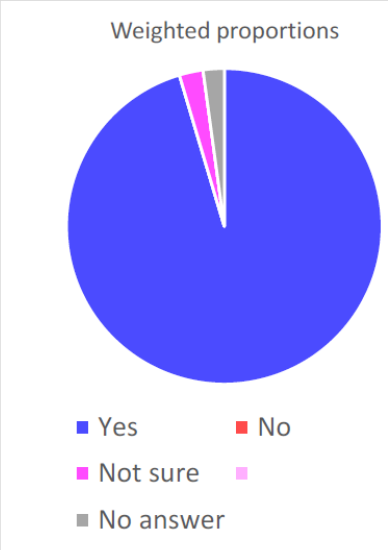




C.2.5.4.	Simple proportions	Weighted proportions
Yes	85%	97%
No	0%	0%
Not sure	5%	0%
	0%	0%
No answer	10%	2%

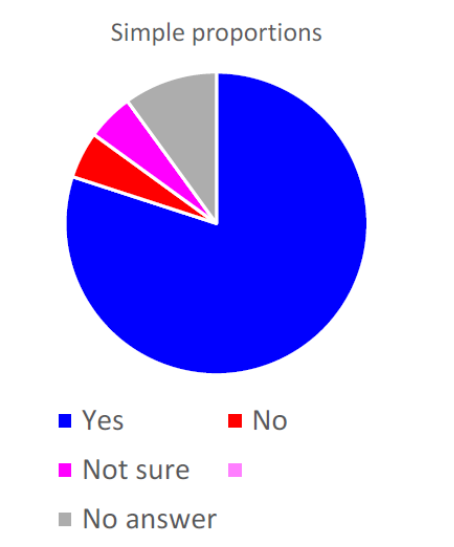
C.2.5.5 Recommending annual budget

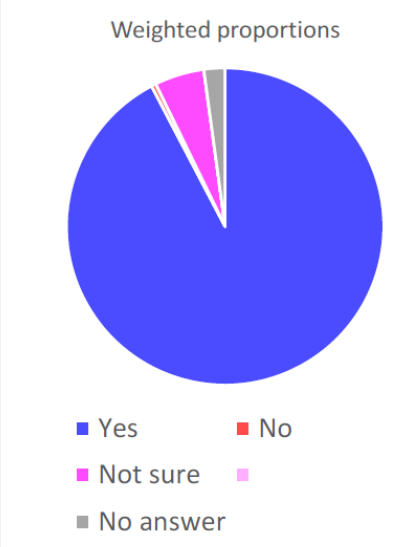




C.2.5.5.	Simple proportions	Weighted proportions
Yes	80%	95%
No	0%	0%
Not sure	10%	2%
	0%	0%
No answer	10%	2%

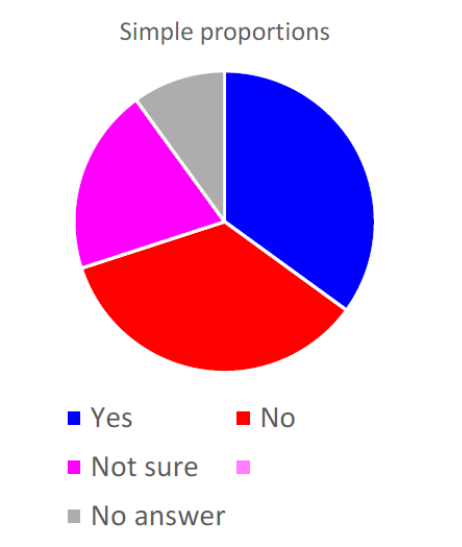
C.2.5.6 Establish organizational structures

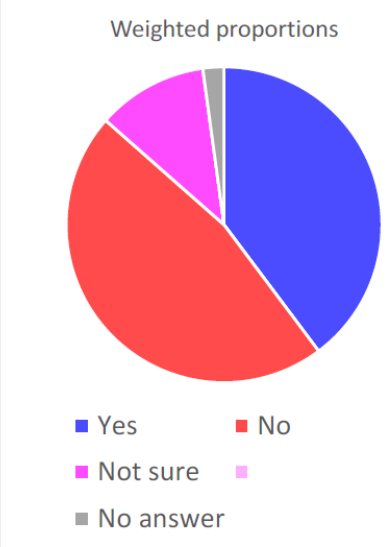




C.2.5.6.	Simple proportions	Weighted proportions
Yes	80%	92%
No	5%	0%
Not sure	5%	5%
	0%	0%
No answer	10%	2%

C.2.5.7 Appoint committee chairpersons





C.2.5.7.	Simple proportions	Weighted proportions
Yes	35%	40%
No	35%	47%
Not sure	20%	11%
	0%	0%
No answer	10%	2%

1. **Appendices**

4.1 **Board of Directors**

BOARD OF DIRECTORS

PROPOSED ARTICLE 10 OF THE AAE STATUTES

1. The Board of Directors is responsible for the execution of the strategy; to promote strong relationship with the Member Associations, key European institutions and key stakeholders; and the continuity of the AAE operations. Further responsibilities of the Board of Directors are stipulated in the Terms of References to be approved by the General Assembly.
2. The Board of Directors, also called the Officers, comprises the Chairperson, the Vice-Chairperson and the Immediate Past Chairperson (the Senior Officers), as well as six additional members, one of whom will assume the role of Honorary Treasurer.
3. All members of the Board must be full members of a Full Member association.
4. At least two of the Senior Officers as well as the majority of all Board members must be members of an EU Full Member association.
5. Committee Chairs are eligible for appointment as Board members, but then have to retire from committee chairmanship.
6. At least one Board member will be chosen from each voting category, herein including the Senior Officers, with no more than one Board member from each Association.
7. The Senior Officers are elected by the General Assembly for a term of one year, starting directly after the election by the General Assembly. The Vice-Chairperson elected for one year will normally be elected as Chairperson for the following year and become the Immediate Past Chairperson for the year after that.
8. All other members of the Board are elected by the General Assembly, normally for a term of three years, starting directly after the election by the General Assembly, with two members retiring each year. A term of office may only be renewed if a member is elected Vice-Chairperson.
9. In electing the Board of Directors, the AAE shall - whenever possible - have regard to the distribution of previous appointments by geography, size of association, gender and otherwise.

TERMS OF REFERENCE

For the avoidance of doubt, members of the Board are expected to serve the best interests of the AAE, rather than those of their own member association(s), in fulfilling their duties as described below.

1. **Strategy:**
    a. The Board of Directors reviews the Overall Strategy (Vision and Mission – Long Term) and governance every three to five years and makes a recommendation to the General Assembly.
    b. The Board of Directors develops the Strategic Plan (Strategic Objectives and Goals – Mid Term – 3-5 years) and Business Plan (Short Term – 1 year) and reviews it on an annual basis and submits it for approval to the General Assembly:
        i. The Board of Directors submits Committees structures and their ToR and KPIs for approval to the General Assembly.
        ii. The Business Plan includes a plan on the General Operations and the required budget.
2. **Execution:**
    a. After the Strategic and Business Plans and the Committees are approved by the General Assembly, the Board of Directors:
        i. Supervises the activities of the Committees and other bodies appointed by the Board of Directors as per their respective ToR and KPIs;
        ii. Supervises the execution of the Strategic and Business Plans;
        iii. Reports on a quarterly basis to the Member Associations on the Strategic and Business plans execution.
    b. The Board of Directors may from time to time establish AAE bodies, such as task forces, working groups or project teams, to serve the execution of the Strategic and Business Plans. These AAE bodies may be open to all Member Associations for delegating members into the AAE body, or may be a closed membership AAE body whose members are appointed by the Board of Directors.

3. **Finance:**

The Board of Directors presents audited Annual Accounts to the AAE General Assembly and recommends the annual budget and membership fee for approval by the General Assembly.

4. **Operations:**

The Board of Directors

a. Considers applications for all membership categories of the AAE and, in the light of advice from the appropriate committees as to whether the qualification requirements have been met, makes recommendations to the General Assembly regarding admission or rejection.
b. Ensures that six months' notice is given to Member Associations of vacancies for Office Bearers that are expected to occur at the next Annual Meeting and to ensure that nominations for such vacancies are considered by the Nominations Panel.
c. Is responsible for staff and accommodation matters, including recruitment and terms of remuneration of permanent and temporary staff.
d. Organizes meetings of the AAE and the Ordinary or any Special General Assembly of the AAE.
e. Is responsible for the coordination among AAE Committees.

5. **Relationship management:**

The Board of Directors

a. Recommends external relations policies, for approval by the General Assembly, in accordance with the Strategic Plan.
b. Is responsible to promote strong relationships between the AAE and stakeholders of key European Institutions.
c. Is responsible to promote strong relationships between the AAE and the Member Associations.

6. **Information:**

a. Any official information from the AAE that is intended for the public (e.g. publications, website, issuance of press releases) or for European institutions and stakeholders (e.g.

EIOPA, ECB and EU) is approved by the Board of Directors. For official information from the AAE which is of technical nature (e.g. responses to consultations), the Board can delegate the approval to the Committee Chairperson. In this case the Board is to be informed about the final information.

b. Moreover, the Board of Directors
    i. Issues guidelines for public statements by the AAE or any of its committees.
    ii. Is responsible of the coordination of the consultation and surveys submitted to the Member Associations.

In order to carry out these tasks, the Board is supported by AAE's CEO and Secretariat.

Approved by the General Assembly on xx. Month 201y

4.2 **Links between Board and Committee Chairs**

Actuarial Association of Europe
Links between Board and Committee Chairs

The requirements which follow are designed to ensure, without introducing excessive formality, that

1. The AAE Committees deliver their part of the AAE overall Strategy and the Strategic Objectives effectively and efficiently; in particular they continue to work in order to deliver a great deal of "Strategic Objective 1 Enhance relations with European institutions" (providing high quality professional advice); and Committee Chairs, in the first place, continue to represent the respective committee's views during discussions with such European institutions.
2. The Board shall supervise the activities of the Committees but should not manage those activities,
3. Communication between Committee Chairs and the Board is open, comprehensive, regular and two way, and
4. There is ample opportunity for each of the two parties to ask questions of the other and to provide feedback and challenge as appropriate,
5. The AAE chair person with the help of the Chief executive is responsible for ensuring the good application of the principles formulated in this document

Reports and minutes

- Committee Chairs will be required to provide a quarterly report to the Board at a time to be agreed, covering the activities of the relevant Committee and any sub-committees or other committee bodies.
- All minutes of Committee meetings will be provided to the Board.

Exchange of information and attendance at meetings

- A two way information flow between Committee Chairs and Board Members at the formal Board meetings and informally beyond the formal Board meetings is vital for delivering the strategy of the AAE and all are expected to act accordingly.
- Members of the Board will have a right of attendance at all Committee meetings.
- Committee Chairs shall be invited to attend all Board meetings. Part of the Board may be closed to Committee Chairs when certain confidential matters (such as evaluation of the Committees or personal matters) are discussed. The Board will ensure that sufficient time is available at these

meetings to discuss the activities of the relevant Committees. Committee Chairs shall have the right to speak freely at the Board meetings but shall have no right to vote.

- The Board and Committee Chairs must, between them, ensure that Committees are regularly briefed as to AAE strategy, developments and issues.

Sub-committees

- Where Committees propose to establish a sub-committee (or other committee body), the nature and terms of reference of the proposed sub-committee will be provided to the Board for approval in advance of establishment of the sub-committee.

Meetings with European Institutions

- Committee Chairs may set up formal meetings with European Institutions, e.g. EIOPA, European Commission, provided that the Board is notified about the meetings, subject matter and proposed approach and the Board does not raise any objection.
- Committee Chairs will in normal circumstances attend regular update meetings between the AAE and European Institutions which are relevant to the work of their Committees.

Consultations

- Consultations or discussion papers issued by European Institutions will be considered, and responses prepared by, the relevant Committee. Responses will be subject to approval by the Board in advance of submission. The relevant Committee Chair must keep the Board informed as to progress of such responses and material issues arising in their preparation.

Terms of reference

- Committees are required to consider annually the continued appropriateness of their terms of reference and to report any changes considered necessary to the Board for ratification. Outputs from this annual process should normally form part of the annual report from the Committee Chair to the Board.

4.3 Nominations Panel

NOMINATIONS PANEL

TERMS OF REFERENCE

Membership of the Panel

1. The Nominations Panel shall comprise ten persons and include:
    a. the current Chairperson and Immediate Past Chairperson of AAE;
    b. in addition, two representatives from each voting category (1-150; 151-600; 601-1200; 1201+ members) of Full Member Associations.
2. Representatives as of 1.b. shall be proposed by the Nominations Panel and elected by the General Assembly, normally for a term of three years, with two or three representatives retiring each year.
3. In the case that it is not possible to find two candidates from each voting category as in 1.b., the vacant position(s) will be open for nominations from all voting categories.
4. Normally representatives should be, or have been, membre titulaire, membre suppléant or committee delegate for their association.
5. Members of the Nominations Panel are not eligible to be nominated to the Board or as Committee Chairpersons.
6. The Panel will be chaired by the Immediate Past Chairperson of AAE, who will carry a casting vote.

Duties of the Panel

1. The Nominations Panel shall be responsible for recommending to the General Assembly suitable candidates for the following positions:
    a. the Chairperson and the Vice-Chairperson
    b. members of the Board of Directors (except the Senior Officers, i.e. Chairperson, Vice-Chairperson and Immediate Past Chairperson of the AAE)
    c. Chairpersons of the Committees
    d. Representatives from each voting category for the Nominations Panel.
2. In all its recommendations, the Nominations Panel shall have as far as possible regard to the distribution of appointments by geography, size of the association, gender and otherwise, as well as an appropriate range of skills and practice areas.

3. With regard to the membership of the Board of Directors, the Nominations Panel will try to achieve an appropriate balance of representation of Member Associations on the Board and of the skills needed:

    a. Of the 9 members of the Board, at least one will be chosen from each voting category, herein including the Senior Officers of the AAE, with no more than one representative from each association.
    b. All members of the Board must be full members of a Full Member association.
    c. At least two of the Senior Officers as well as the majority of all Board members must be members of an EU Full Member association.
    d. Committee Chairs are eligible for appointment as Board members, but then have to retire from committee chairmanship.
    e. Board members must be familiar with the strategy, the operation and the current major agenda of the AAE.
    f. In the case that it is not possible to find a candidate from each voting category as in 3.a. the vacant position will be open for nominations from all voting categories.

4. Should a member of the Board of Directors or a Committee Chairperson or a member of the Nominations Panel not be able to fulfill his or her term of office, the Nominations Panel will recommend a candidate to the General Assembly to be elected to fill the remaining part of the term.
5. The Nominations Panel submits a written report to the General Assembly once a year of positions filled along with additional information on the recommendation process and on how the criteria defined above in 2. have been met.

Approved by the General Assembly on xx. Month 201y

ACTUARIAL ASSOCIATION OF EUROPE

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4.4 Comparison of Statutes

STATUTES

OF THE

ACTUARIAL ASSOCIATION OF EUROPE

NO CHANGE

(to take effect from 1 January 2014)

Article 1
Name, Legal Structure and Registered Office

NO CHANGE

The Actuarial Association of Europe, referred to as “the AAE”, is, as a forum of European actuarial associations, an association within the meaning of Article 60 ff of the Swiss Civil Code with registered office domiciled in Zurich.

Article 2
Aims

To provide a platform for the actuarial profession within Europe, the AAE shall

- consider existing and proposed European Union legislation and supervisory requirements having an impact on the actuarial profession and, where appropriate, make representations and submissions to the relevant EU Institution(s),
- give advice to the European Union Institutions on actuarial and professional issues when invited to do so,
- represent member associations in discussions with European Union institutions, in particular with the European Commission and EIOPA,
- provide a forum for discussion among actuarial associations throughout Europe,
- promote high standards of education and professionalism among actuarial associations in Europe,
- further the education and professional development of actuaries throughout Europe.

Article 2 (NEW)
Aims (=Mission)

1. Represent member associations and provide objective, independent, professional advice to European institutions and stakeholders on all matters of actuarial relevance, in pursuit of the public interest.

2. Enhance the development and standing of the actuarial profession in Europe by, *inter alia*:

- prescribing educational standards;
- promoting professionalism;
- supporting mutual recognition of actuaries among member associations; and
- facilitating a consistent approach to actuarial work undertaken in the context of European regulation.

3. Provide opportunities for networking and encourage sharing of best practice among actuaries across Europe, both in traditional areas of work and in wider fields as actuaries extend their areas of involvement.

Article 3
Members

NO CHANGE

1. All actuarial associations in Europe meeting the relevant membership criteria, are eligible to become members of the AAE unless the majority of members joining an association applying for membership are also members of a Full Member of the AAE situated in the same European State.
2. The number of member associations representing the profession within a particular European State is not limited.
3. Admission to membership shall be decided by the General Assembly.

Article 4
Membership Categories

There are two categories for membership in the AAE:

- **Full Member associations** - situated in a Member State of the EU or another European state and meeting the professionalism criteria as defined in article 5
- **Observer Member associations** - situated in a Member State of the European Union, or in another European State, but not meeting the criteria for full membership

Full and Observer Members are equally allowed to send representatives to all AAE events and meetings of the AAE's Committees (subject to article 11).

NO CHANGE
(except for reference: Article 12 Meetings)

Article 5
Criteria for Full Membership

NO CHANGE

1. Actuarial associations applying for Full membership must have a Code of Conduct that reflects at least the requirements of the AAE's Code of Professional Conduct, and comply with minimum education standards as set out in the AAE's Core Syllabus for Actuarial Training in Europe of December 1998, as may be amended from time to time.

2. Within 18 months after applying for membership they have to have a formal disciplinary process in place meeting the following criteria:

    - accessibility of the complaint process to anyone affected by a member's work and his / her professional peers,
    - availability of a due defence process available for a member complained against,
    - existence of an independent and objective formal appeal process,
    - definition of appropriate sanctions.

3. If standards of practice are recommended by the applying association an appropriate promulgation process must be in place meeting the following criteria:

    - exposure of proposed standards to members and where relevant to third parties for comment,
    - consideration of comments on the exposure draft,
    - process of promulgation of standards by an authority vested with adequate powers,
    - publication of standards and distribution to practitioners.

Article 6
Mutual Recognition

NO CHANGE

1. Full Members must sign the AAE Agreement of April 1991 (as amended from time to time) concerning the recognition by each EU actuarial association of members of the other EU associations, (the Mutual Recognition Agreement) if they are situated in a European State which is a signatory to the European Economic Area Agreement of May 1992, or which has otherwise entered into a treaty or other agreement with the EU which, inter alia, extends to that state the benefits of EU Directive 89/48/EEC (as amended by Directive 2001/19/EC) on a general system for the recognition of higher education diplomas awarded on completion of professional education and training of at least three years' duration, and the Directive on the recognition of professional qualifications (2005/36/EC).
2. Observer Members cannot be a party to the Mutual Recognition Agreement. They may, however, with the prior approval in each case of the signatories of the principal Agreement, enter into a parallel bilateral Agreement on the Mutual Recognition of Qualifications.

Article 7
Subsidiarity and Interference

NO CHANGE

1. The AAE will respect the principle of subsidiarity, i.e. that decisions that can and should be taken at the national level (or problems that should be solved on a national basis) must not be addressed at the AAE level. The transfer of local professional conflicts to AAE level must be avoided.
2. The AAE must not interfere in the internal arrangements of a member association or between different member associations in a particular state except by invitation of the association(s).
3. On all issues of importance for the actuarial profession the AAE will aim to be complementary, not contradictory, to the International Actuarial Association.

Article 8
General Assembly of the AAE, Delegations, Membre Titulaire, Membre Suppléant

NO CHANGE

1. The General Assembly of the AAE consists of delegations of the different European States represented on the AAE by at least one member association.

2. The maximum size of a delegation representing a European State on the AAE is determined according to the total number of actuaries in this State for which subscriptions to the AAE are paid on the basis of the following pattern:

3. European States with ...

1 - 150 subscriptions	–
151 - 600 subscriptions	–
601 - 1200 subscriptions	–
1201 or more subscriptions	–

4. Where there is more than one member association in a European State, it is a matter for the associations in that State to determine their joint delegation to the AAE.

5. Where no agreement is possible between different member associations in the same European State, the AAE will decide the number of delegates (rounded to full integers) from each association that corresponds to its percentage of the whole subscription base of the State, applied to the maximum size of the delegation coming from that State.

6. Each member association of the AAE will appoint a member of the delegation of its home state as “membre titulaire”, carrying the votes of that association.

7. Delegates not nominated as membre titulaire may participate in meetings of the General Assembly as “membre suppléant”. They may only vote as alternate for a membre titulaire who is unable to participate.

Article 9
Committees

1. The AAE may from time to time establish Committees on specific subjects. As of this date, the Committees are:

    - the Standards, Freedoms and Professionalism Committee
    - the Insurance Committee
    - the Pensions Committee
    - the Investment and Financial Risk Committee
    - the Education Committee

2. Each association has the right to nominate a representative for each Committee.
3. Delegates to the General Assembly have the right to attend a meeting of any of the AAE's Committees if they so wish.

Article 9 (changed)
Committees

1. The General Assembly may from time to time establish Committees on specific subjects.
2. Each association has the right to nominate a representative for each Committee.
3. Delegates to the General Assembly have the right to attend a meeting of any of the AAE's Committees if they so wish.
4. Committee chairpersons must be full members of a Full Member association and shall be elected for a term of three years once renewable.

Article 10
Officers

1. The Board of Directors comprises the Officers of the AAE.
2. The Officers of the AAE are the Chairperson, the Vice-Chairperson, the Immediate Past Chairperson, the Honorary Treasurer and the Chairpersons of the Committees referred to in Article 9.
3. The Officers of the AAE must be full members of a Full Member association.
4. At least two of the Chairperson, the Vice-Chairperson and the Immediate Past Chairperson must be full members of an EU Full Member association.
5. The Chairperson of the AAE, the Vice-Chairperson and the Immediate Past Chairperson are elected by the General Assembly for a term of one year. The Vice-Chairperson elected one year will normally be elected as Chairperson for the following year and become the Immediate Past Chairperson for the year after that.
6. In electing the Officers, the AAE shall - whenever possible - have regard to the distribution of previous appointments by geography and otherwise.
7. Chairpersons of the AAE's Committees and the Honorary Treasurer are normally elected by the General Assembly for a term of three years, which may be renewed for a further period of three years.
8. Nominations for appointment as Officers shall be considered in the first instance by a Nominations Panel, which shall comprise six persons and include the current Chairperson and Immediate Past Chairperson.
9. The members of the Nominations Panel, except the Chairperson of the AAE and the Immediate Past Chairperson, are elected by the General Assembly for a term of three years, which may be renewed for a further period of three years.
10. The Nominations Panel shall submit their recommendations to the General

Article 11 (NEW)
Board of Directors

1. The Board of Directors is responsible for the execution of the strategy; to promote strong relationship with the Member Associations, key European institutions and key stakeholders; and the continuity of the AAE operations. Further responsibilities of the Board of Directors are stipulated in the Terms of References to be approved by the General Assembly.
2. The Board of Directors, also called the Officers, comprises the Chairperson, the Vice-Chairperson and the Immediate Past Chairperson (the Senior Officers), as well as six additional members, one of whom will assume the role of Honorary Treasurer.
3. All members of the Board must be full members of a Full Member association.
4. At least two of the Senior Officers as well as the majority of all Board members must be members of an EU Full Member association.
5. Committee Chairs are eligible for appointment as Board members, but then have to retire from committee chairmanship.
6. At least one Board member will be chosen from each voting category, herein including the Senior Officers, with no more than one Board member from each Association.
7. The Senior Officers are elected by the General Assembly for a term of one year, starting directly after the election by the General Assembly. The Vice-Chairperson elected for one year will normally be elected as Chairperson for the following year and become the Immediate Past Chairperson for the year after that.
8. All other members of the Board are elected by the General Assembly, normally for a term of three years, starting directly after the election by the General Assembly, with two members retiring each year. A term of office may only be renewed if a member is elected

Assembly.

11. The appointment of Officers shall be decided by the General Assembly.

12. Nominations for appointment as Officers shall be considered in the first instance by a Nominations Panel, which shall comprise six persons and include the current Chairperson and Immediate Past Chairperson.

13. The members of the Nominations Panel, except the Chairperson of the AAE and the Immediate Past Chairperson, are elected by the General Assembly for a term of three years, which may be renewed for a further period of three years.

14. The Nominations Panel shall submit their recommendations to the General Assembly.

15. The appointment of Officers shall be decided by the General Assembly.

Vice-Chairperson.

9. In electing the Board of Directors, the AAE shall - whenever possible - have regard to the distribution of previous appointments by geography, size of association, gender and otherwise.

Article 11 (NEW)
Nominations Panel

1. Nominations for appointment as member of the Board of Directors or the Nominations Panel or as Chairperson of a Committee shall be considered in the first instance by a Nominations Panel.

2. The Nominations Panel shall comprise ten persons and include the current Chairperson and Immediate Past Chairperson.

3. The members of the Nominations Panel, except the Chairperson of the AAE and the Immediate Past Chairperson, are elected by the General Assembly, normally for a term of three years, with two or three representatives retiring each year.

4. The Terms of Reference of the Nominations Panel are approved by the General Assembly.

5. The Nominations Panel shall submit its recommendations to the General Assembly.

Article 12
Meetings

1. The AAE will hold an ordinary General Assembly at least once a year.
2. An extraordinary meeting of the General Assembly may be called by the Chairperson or by not less than 25% of potential votes. An extraordinary meeting may be held in person or, if the Chairperson so decides and no objection is raised by any member association, by means of a telephone, electronic or other communication facility.
3. An association will not be allowed to send any delegates to AAE Meetings (or representatives to Committee Meetings) if its subscriptions to the AAE have been outstanding for more than a year.

   Notification of a General Assembly must be circulated to members no later than 20 days before the meeting.

NO CHANGE
(except for Article number: 12)

Article 13
Voting Rights

1. Observer Members have no right to vote.
2. Full Members from countries which are not EU Member States are not allowed to vote on any issue relevant only to the EU legislative environment.
3. All decision-taking powers of the AAE are vested with the General Assembly.
4. The total voting power of a delegation is weighted according to the number of actuaries in the European States for whom AAE subscriptions are paid on the following basis:

   1 - 150 subscriptions
   – vote multiplied by 1
   151 - 600 subscriptions
   – vote multiplied by 2
   601 - 1200 subscriptions
   – vote multiplied by 3
   1201 or more subscriptions
   – vote multiplied by 4.

5. If more than one association represents the profession within the same European State on the AAE, the total voting power of that State is split between the associations corresponding to their relative subscription base at 1 January each year.
6. An association will not be allowed to vote on any issue, if its subscriptions to the AAE have been outstanding for more than 12 months.
7. A vote may be carried out by electronic means, using e-mail or other electronic questionnaires or voting facilities, provided the proposal has been exposed for discussion among the member associations, at least three months before the date of the vote, or for such shorter or longer period of time proposed by the Board and not objected to by any member association.

Article 13 (CHANGES in 4.)

Voting Rights

4. The total voting power of a delegation is weighted according to the number of actuaries in the European States for whom AAE subscriptions are paid as observed on 1 April each year based on the number of full members in each association on 1 January of that year, on the following basis:

   1 - 150 subscriptions
   – vote multiplied by 1
   151 - 600 subscriptions
   – vote multiplied by 2
   601 - 1200 subscriptions
   – vote multiplied by 3
   1201 or more subscriptions
   – vote multiplied by 4.

Article 14
Majorities and Treatment of Diversity of Views

NO CHANGE

(except for Article number: 14)

1. Members of the AAE aim - as far as possible - to decide unanimously on all matters of professional importance and on amendments to the Statutes.

2. From time to time there may be technical questions where there is a diversity of views. These may arise in particular when submissions or advice are requested by the European Commission, EIOPA, or another outside body, or in relation to issues on which the AAE proposes to make a public statement. In such circumstances, it may be impracticable to obtain a single view and, indeed, it may be of more value to external parties to be aware of the range of alternatives considered.

    a. If the AAE has a unanimous and unequivocally established position, this must be clearly conveyed;
    b. Where a unanimous position has not emerged and there is a clear majority view, this must be clearly conveyed along with the minority position(s);
    c. Where there is no agreed majority view, and time permits, attempts should be made to obtain agreement on a majority view amongst the member associations, following which the majority view shall be stated but must be accompanied by the minority position(s);
    d. Where no majority view can be established or where time does not permit consultation over diversity of views, these should all be clearly and objectively reported;
    e. Where a view is being presented in a personal capacity or on behalf of a member association this must be clearly stated, particularly where this is at variance with points a) - d) above

3. If there is disagreement between member associations on a particular internal issue, including amendments to the Statutes, there will be a cooling-off period of up to one year, after which a majority consisting of not less than 75% of the votes cast can make a decision which shall be binding on the AAE, provided at least two-thirds of potential votes are represented.

Article 15
Secretariat

The AAE shall maintain a permanent Secretariat, the location of which will be determined from time to time by the AAE. The Secretariat shall be managed by a Chief Executive, who shall be appointed by the Board of Directors on terms and conditions agreed by the Board.

NO CHANGE

(except for Article number: 15)

Article 16
Languages

NO CHANGE

(except for Article number: 16)

The official languages of the AAE are English and French**.**

Article 17
Financial Year and Budget

NO CHANGE

(except for Article number: 17)

1. The financial year of the AAE is the calendar year.
2. The audited financial statements and the draft budget for the subsequent year shall be submitted each year by the Honorary Treasurer to the General Assembly for approval.
3. Should the General Assembly fail to adopt a budget or agree a subscription rate prior to the beginning of a financial year, the previous year's budget and subscription rate shall apply.

Article 18
Subscriptions

NO CHANGE

(except for Article number: 18)

1. Subscriptions will be payable on 1 April each year based on the number of full members in each association on 1 January of that year.
2. Each association is responsible for the costs incurred by its delegates to the AAE and its representatives on Committees.
3. All other costs will be met by an annual subscription from the member associations.
4. Each member association - no matter to which membership class it belongs - will pay an annual subscription to the AAE which corresponds to the per capita amount fixed by the General Assembly at least 13 months in advance, multiplied by the number of fully qualified actuaries on 1 January for which the member association itself receives full subscriptions on the national level.
5. The General Assembly may approve a 50% reduction of subscriptions to newly-established member associations for the first five years of their membership in the AAE, and a 25% reduction for the next five years.

Article 18
Amendments to the Statutes and Winding-Up of the AAE

1. These Statutes may be amended at an ordinary or extraordinary General Assembly called in accordance with Article 11, provided the proposed changes have been exposed for discussion among the member associations at least three months before that General Assembly.
2. The Statutes will be reviewed by the General Assembly at least once every three years, with appropriate advice of the Standards, Freedoms and Professionalism Committee, based on a report on their practical impact that will be prepared by the Secretariat.
3. In the event of a winding-up of the AAE, any accumulated surpluses would be returned exclusively to the member associations in direct proportion to their size and contributions.
4.

NO CHANGE

(except for Article number: 19)

Article 19
Effective Date
These revised Statutes were approved by the General Assembly in Dublin on 27 September 2013 and will take effect from 1 January 2014.

Article 20 (changed)
Effective Date
These revised Statutes were approved by the General Assembly in CITY on xx. Month 201y and will take effect from 1 January 201(y+1).

4.4 Survey on AAE's Governance

Survey on AAE's Governance, 2017

This survey concerns the report prepared by the ISRP Task Force including Draft Statutes of the AAE, Draft Terms of Reference for the Board of Directors and Draft Terms of Reference for the Nominations Panel (all information is gathered in this Information Document).

When answering the questions of the survey, please consider that the Task Force has drafted several documents (for your convenience all combined in the Information Document) to maintain an internal consistency.

The survey is addressed to AAE's Member Associations for consultation starting the 14th of March 2017 and ending on 14th of April 2017.

Thank you for your participation.

Thomas Béhar
on behalf of the AAE ISRP Task Force

Name of Member Association: ……
Country of Member Association: ……
Name of person reviewing this consultation: ……

Consultation:

The Task Force proposes the Statutes of the AAE according to the relevant attachment - Article 9 to 11 – to contain the proposed governance related changes. (Other proposed changes to the Statutes are not part of this survey as the direction of the future Strategy of the AAE was in principle agreed at the General Assembly in Barcelona last year.) Do you support these changes in Article 9 to 11?

1. Yes, we fully agree
2. Yes, we mostly agree
3. We have some concerns but would not object
4. We have some serious concerns
5. No opinion

If your answer indicates that your association has concerns then please explain those concerns and propose how you think issues could be fixed.

The Task Force proposes the mandate of the Board according to the relevant attachment. Do you support this proposal?

1. Yes, we fully agree
2. Yes, we mostly agree
3. We have some concerns but would not object
4. We have some serious concerns
5. No opinion

If your answer indicates that your association has concerns then please explain those concerns and propose how you think issues could be fixed.

The Task Force proposes Scenario B for the future Board composition as described above and according to the relevant attachment. Do you support this proposal?

1. Yes, we fully agree
2. Yes, we mostly agree
3. We have some concerns but would not object
4. We have some serious concerns
5. No opinion

If your answer indicates that your association has concerns then please explain those concerns and propose how you think issues could be fixed.

The Task Force proposes the mandate of the Nominations Panel as described above and according to the relevant attachment. Do you support this proposal?

1. Yes, we fully agree
2. Yes, we mostly agree
3. We have some concerns but would not object
4. We have some serious concerns
5. No opinion

If your answer indicates that your association has concerns then please explain those concerns and propose how you think issues could be fixed.

The Task Force proposes the composition of the Nominations Panel as described above and according to the relevant attachment. Do you support this proposal?

1. Yes, we fully agree
2. Yes, we mostly agree
3. We have some concerns but would not object
4. We have some serious concerns
5. No opinion

If your answer indicates that your association has concerns then please explain those concerns and propose how you think issues could be fixed.

Do you have any other comments?

THANK YOU!