

**REPORT of the  
Standards, Freedoms and Professionalism Committee  
to be presented to the meeting of the General Assembly  
in Copenhagen on 22 September 2017**

The Committee met during the year since the Barcelona meeting, in Reykjavik on 12 May 2017, and will have met in Copenhagen on 21 September 2017. This report to the General Assembly sets out its activities over the past year and issues of current concern. The Chairman will provide an oral update of the Committee's meeting on 21 September 2017.

**1. Actuarial Standards**

***ESAP3***

Following extensive comments, the exposure draft was revised, agreed by the committee and finally approved by General Assembly electronic vote. Thanks are due to David Hare and his team for their sterling work on the preparation of this ESAP.

***ESAP5***

A survey of member associations was undertaken to ascertain the different interpretations and requirements of "independent review" under different jurisdictions. While the majority of the associations responding were supportive, fewer than 25% weighting by number of actuaries in responding associations were in support. It was recognized that the participation was less than 50% of associations and that the survey may not give an accurate reflection, since some (larger) associations did not submit a response. Concerns were expressed regarding the resources necessary to draft a standard, considering that the need has not become evident from the results of the survey. It was thought by some, however, that EIOPA would welcome such a standard. It was agreed to discuss the topic again in Copenhagen and the associations that did not respond, were contacted as well as those whose response needed further clarification.

It was decided that the ESAP5 Task Force would work out a set of principles upon which this standard would be based. The discussion was continuing in Copenhagen.

The SPT has expressed a need for more volunteers to staff the SPT. All are requested to confer with their members to follow up on this need.

***European Actuarial Note (EAN) to accompany ESAP3.***

It has been agreed that it will be taken forward by the IC, and work continues.

***Monitoring adoption of ESAPs***

The equivalent IAA process is now under review with a rethink of how the data is collected and of the nature of the questions asked of associations – making them "open" rather than "closed". It was suggested that these developments are monitored by the AAE. Since Birgit

Kaiser is involved in both IAA and AAE, she has agreed to keep the AAE updated on developments.

## **2. Code of Conduct**

Following comments made in a consultation, a thorough review ensued of the Exposure Draft and it was agreed that the task force would revise the draft Code and Q&A in the light of the comments received. The working group then recommended that the revised Code will be agreed. After consent from the committee, it is submitted to the GA for approval and implementation is recommended to take place by end of 2020.

## **3. Mutual Recognition**

The AAE Mutual Recognition Agreement (MRA) was due for its five-yearly review in 2016 and a short questionnaire was prepared. Once completed responses were received from associations, a report was submitted to the Committee. By and large the MRA seems to be operating well. A small number of various pairs of associations that were found in the survey to have perceived difficulties between them of operation of the MRA have been put in touch to try to resolve any issues. This work continues.

A small working group volunteered to work on a documentation update including checking the wording of the MRA against the new EU directive and updating the supplementary document (the Heubeck letter). No consensus was achieved on the idea of keeping central records of actuaries using the MRA.

## **4. Strategy Review**

The committee was the sounding board for discussion of the ideas drafted by two separate strands of the Working Group dealing with this topic under the capable chairmanship of Thomas Béhar. The revised Vision, Values, Mission, Aims and Strategic Objectives of the AAE, approved by the committee, are presented for adoption by the General Assembly here in Copenhagen. Similarly, following discussion in the committee of the future Governance of the AAE, revised statutes, terms of reference, arrangements and transitional measures are being presented for adoption by the General Assembly here.

The committee was due to discuss briefly at the Copenhagen meeting changes to the Investment and Financial Risk Committee (IFRC), whereby the terms of reference (ToR) of the IFRC will be amended to include the activities of the Task Force Risk Management in Insurance and Pensions (TFRM) and the name will be changed to Risk Management Committee (RMC). Reports were reviewed during the year of the remarkable development of the TFRM leading to this change. The committee was due also to note in Copenhagen the recent AAE press release on the unchanged relationship between the AAE and the IFoA in the context of Brexit.

## **5. Roles of Actuaries/Actuarial Function**

In addition to the development noted above of the TFRM, the main Role of Actuaries Task Force has been developing ideas and the committee was due to discuss its new report in Copenhagen, including survey work it has been carrying out.

## **6. Consumer Protection**

A new Task Force has been formed and the focus of this TF is mainly to respond to relevant consultations on PRIIPS and work continues in responding. However the committee has also been informed of the work of the DAV in other aspects of this area.

## **7. Accreditation of member associations**

The AAE relies on the accreditation committee of the IAA and the 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.

## **8. AAE and IAA – issues of mutual interest**

The committee has been following and contributing to the discussions over a Memorandum of Understanding between the IAA and AAE, details of which are elsewhere on the GA agenda. In addition an eye is kept on developments in the corresponding IAA committees to ensure consistency.