Implementation of the Strategy Review 2016 Proposals (ISRP) Task Force

Report to SFPC on Strategy

March 2017

Preamble

- 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. 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.**

- A second topic is governance which is dealt separately knowing the draft on strategy.

- 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, AAE Vice-Chairperson.

Preamble

Summary of ISRP Task Force discussions on Vision

- The revised Vision covers, in a single sentence, the role of the AAE in helping to position individual actuaries in Europe as trusted professional advisers as well as the role of the AAE itself as a valued adviser to European institutions.
- It aims to reflect the growing involvement of actuaries in risk management and other related areas and, like the current Vision, it refers to the public interest role of actuaries.
- In line with the decisions taken at the SFPC meeting in Barcelona in September 2016, there are very few changes proposed to the Vision. Those changes are non-fundamental although extending the source of advice from purely "actuarial issues" to "actuarial and related issues" is important and expresses the overarching drive of the TF to position the actuarial profession in Europe and the AAE in a growth phase, extending their scope from traditional actuarial issues to a wider scope.

Summary of ISRP Task Force discussions on Values

- The Task Force saw no need to change the current Values themselves but proposes a cosmetic word change in the stem (from "espouses" to a more understandable "shares").

Preamble

Summary of ISRP Task Force discussions on Mission

- The aim of the revised Mission is to reflect, in descending order of importance, the three key purposes of the AAE as identified by the 2016 strategy review: interacting with European institutions, promoting high standards of education and professionalism and encouraging the development of a European community of actuaries.
- The public interest role and the desire to encourage the movement of actuaries into wider fields are again mentioned.
- Therefore the Mission changed significantly but the TF felt those changes are fully in line with the results of the 2016 strategy review and the decisions taken at the SFPC meeting in Barcelona in September 2016.
- The mission statement serves as a foundation for the proposed three Strategic Objectives.
- The Aims of the AAE in Article 2 of the Statutes have been aligned with the Mission, as it was felt that differences were unlikely to improve clarity of purpose.

Preamble

Summary of ISRP Task Force discussions on the Strategic Objectives

- The three Strategic Objectives (SOs) reflect the outcome of the 2016 strategy review and are aligned with the Mission. Each begins with a high-level statement followed by some specific goals. It is envisaged that the Board will develop and maintain an action plan designed to achieve these goals.
- As for the Vision and Mission, the TF felt SOs, too, should include the desire to extend the actuarial involvement to a "wider field".
- In order for the AAE to be better embedded into the European discussions, the TF proposes a new specific action under "SO1 Enhance relations with European institutions" that calls for building relationships with, beyond the ones we already have good connections, industry and consumer protection bodies.
- In order to achieve a stronger position for the local actuarial professions and in order to serve the public interest by raising the quality of actuarial services delivered on regulatory work, where appropriate, the TF proposes a new specific action under "SO2 Promote Professionalism" that calls for helping to ensure that regulatory actuarial roles are performed by those properly qualified to undertake them and subject to relevant professional and technical actuarial standards. The support of the development of the actuarial work in wider fields and the support of the development of the member associations are placed under this SO2.
- The proposed Strategic Objectives are introduced by a note calling for three important concepts that are not deemed to be Strategic Objectives themselves (rather tools to achieve Strategic Objectives) but the TF, based on the outcome of the 2016 strategy review, felt important to include (the need to avoid overlap with the work of the IAA where possible, to respect the principle of subsidiarity, the links with the yearly action plans to be developed by the board).

- Drafting by committee always runs the risk that, in attempting to cover everyone's specific wishes and concerns, statements become lengthy, adjective-laden and unwieldy. The TF has tried hard to avoid this, and there was a strong measure of agreement among its members on most points.

Agenda

- Part 1 : Vision, Values, Mission and Aims
- Part 2 : Strategic Objectives

Vision

The vision of the Actuarial Association of Europe (AAE) is for actuaries throughout Europe to be recognised as the leading quantitative professional advisers in financial services, risk management and social protection, contributing to the well-being of society, and for European institutions to recognise the valuable role that the AAE plays as a leading source of advice on actuarial and related issues.

Values

The Actuarial Association of Europe shares the following values:

- concern for the public interest
- integrity
- independence
- collaboration and respect
- transparency and accountability

Mission = Aims

The mission of the AAE is to

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.

Proposed new Strategic Objectives and related goals

Notes:

1. The objectives are numbered in descending order of importance.
2. In implementing the objectives, care should be taken to respect the principle of subsidiarity and to avoid overlap with the work of the IAA where possible.
3. Each objective is expressed in terms of a high-level statement followed by some specific goals. It is envisaged that the Board will develop and maintain an action plan designed to achieve these goals.

Strategic Objective 1

SO1: Enhance relations with European institutions

Establish and maintain relationships with key European institutions, so that the AAE can effectively provide them with high quality professional advice to improve the soundness of decisions from an actuarial perspective.

Strategic Objective 1: specific goals

SO1: Enhance relations with European institutions

- Play a prominent role in shaping the development of new European legislation, and in the review and refinement of existing legislation, affecting the work of actuaries in traditional areas and in wider fields as actuaries extend their areas of involvement;
- Reinforce existing relationships with the European Commission and EIOPA;
- Build and enhance relationships with the European Parliament and the Council of the EU; and
- Maintain contact with other European organisations such as industry and consumer protection bodies.

Strategic Objective 2

SO2: Promote Professionalism

Promote consistent standards of education and professionalism among actuaries in Europe.

Strategic Objective 2: specific goals

SO2: Promote Professionalism

- prescribe minimum requirements for the education of actuaries to be applied by member associations;
- facilitate continuing professional development of actuaries;
- ensure that all member associations have a code of professional conduct which is substantially consistent with the AAE's model code, and an appropriate disciplinary process;
- develop and maintain model standards of actuarial practice for work undertaken by actuaries in relation to EU regulatory requirements;

Strategic Objective 2: specific goals (continued)

SO2: Promote Professionalism

- maintain a mutual recognition agreement which is consistent with the requirements of the EU Mutual Recognition of Qualifications Directive;
- support the development and recognition of individual member associations;
- help to ensure that regulatory actuarial roles are performed by those properly qualified to undertake them and subject to relevant professional and technical actuarial standards; and
- support the development and recognition of actuarial work in wider fields as actuaries extend their areas of involvement.

Strategic Objective 3

SO3: Promote a European community of actuaries

Promote a European community of actuaries between AAE member associations, their members and the AAE.

Strategic Objective 3: specific goals

SO3: Promote a European community of actuaries

- encourage the exchange of information and ideas;
- facilitate networking between actuaries;
- strengthen awareness among member associations and their members of the work of the AAE; and
- facilitate mutual assistance between member associations.

Appendix

Current strategy

Appendix : current strategy

Vision

The vision of the Groupe Consultatif is for the actuarial profession in Europe to be, and to be recognised as being, the leading quantitative professional business advisers in financial services, in risk management and in the financing of social protection, contributing to the well-being of society, with European institutions recognising the valuable role that the Groupe Consultatif plays as a leading adviser on actuarial issues.

Values

The Groupe Consultatif espouses the following values.

- concern for the public interest
- integrity
- independence
- collaboration and respect
- transparency and accountability

Appendix : current strategy

Mission

- To enhance the role of the Groupe Consultatif, on behalf of the actuarial profession in Europe, as an objective, independent, professional, leading adviser, contributor and spokesperson to European institutions and stakeholders on all matters of actuarial relevance, widely recognised and respected in this role, in pursuit of the public interest.

- To create added value for the actuarial profession in Europe and to provide support by sharing, encouraging, facilitating and resourcing in order
  - to enhance the quality of actuarial work to the benefit of the public and the users of actuarial advice
  - to promote professionalism
  - to develop model standards and to encourage member associations to adopt
  - to encourage advancement of actuarial education, research, science and practice
  - to promote the role of the actuarial profession in protecting the consumer
  - to promote a holistic role for actuaries as business advisers and influencers as well as technical experts
  - to provide opportunities for networking and encourage sharing of best practice across Europe
  - to respect the principle of subsidiarity

Appendix : current strategy

Strategic Objectives

1. Relations with EU institutions

- Establish and maintain relationships with key governmental and non-governmental organisations at the European level and provide them with actuarial input to improve the soundness of decisions being made on all important issues of actuarial relevance with a European impact.
- Influence the course of EU legislation by providing high quality professional advice where, consistently with the vision, mission, and other strategic objectives of the Groupe, the expertise of actuaries can serve the public interest.

2. **External communication**

- Raise the profile and reputation of actuaries as leading professional experts and advisers in insurance, risk management, other financial institutions, pensions, social security, demography, asset/liability management and health care financing. Promote the recognition of actuaries as providers of high quality actuarial work to the benefit of the public and users of actuarial advice.
- Help member associations to promote the profession as an attractive career option in order to continue to generate a good supply of professionals.
- The Groupe to become recognised as the face of the actuarial profession in Europe.

3. **Support member associations**

- Provide support and add value to member associations through maintenance of a high quality minimum code of conduct, model actuarial standards, discipline process, core syllabus, education assessment, CPD, sharing of best practice and coordinating and providing access to valuable information on relevant developments in the EU and worldwide.

Appendix : current strategy

4. **Education and research**

- Advance education, scientific research and knowledge and skills of actuaries, also extending to non-traditional areas of actuarial practice and softer nontechnical skills, to help enhance the scope, availability, and quality of actuarial advice.
- Organise CPD events and networking opportunities at the European level.

5. **Promote development and recognition**

- Encourage the development of the actuarial profession in European countries where it is currently not well developed or well recognised.
- Help position our Full Member associations in the sight of stakeholders as highly valued true professional bodies.