

## **Revised Terms of Reference for Task Force on Standards for Risk Management under Solvency II (RMTF) (effective from 1 November 2014)**

In the light of the discussions at the Standards Freedoms and Professionalism Committee (SFPC) and the Insurance Committee (IC) at the Annual Meetings of the AAE in Helsinki on 1-3 October 2014, and the vote by members of the SFPC to approve the Proposal to Develop a Standard on actuarial work relating to the ORSA, the Task Force shall:

- 1) Develop an Exposure Draft (ED) of ESAP3 for approval by the SFPC at their meeting on 26 March 2015 in Paris regarding actuarial practice in relation to the Own Risk and Solvency Assessment (ORSA) process of an insurance or reinsurance entity or group under Solvency II and assist the Standards Project Team (SPT) in transmitting the ED to Member Associations and other relevant stakeholders. The date specified above is a target and, if the RMTF is not able to develop a good quality ED by that date, then it should target a completion date as soon after that as possible.
- 2) In developing the exposure draft
  - a) ensure that a principles-based approach is maintained in order to draft the model standard at a sufficiently high level of generality to accommodate a wide range of practice by insurers and in different jurisdictions in relation to carrying out the ORSA, as well as the likelihood that practice will continue to evolve in coming years;
  - b) focus on the needs of intended users of actuarial work on the ORSA;
  - c) avoid duplication and overlap with ESAP1 (and any relevant IAA and AAE model standards);
  - d) bear in mind that the ORSA is not solely an actuarial prerogative and that actuaries will be working alongside those with different experience and expertise; and
  - e) formulate a model standard for actuarial work in connection with the ORSA which could also be seen as a hallmark of quality work in that context by other experts.
- 3) Liaise with the group established by the IC to develop an EAN on actuarial work in connection with the ORSA in order to
  - a) ensure that points identified by the Risk Management Task Force as being usefully expanded in educational material are brought to the attention of the IC group; and that
  - b) points identified by the IC group as appropriate for inclusion as part of the standard are given appropriate consideration;
- 4) Liaise with the Actuarial Standards Committee (ASC) of the IAA in accordance with the agreed protocol in order to keep up-to-date with work being done within the IAA on the development of ISAPs and IANs regarding enterprise risk management;
- 5) Evaluate the comments received in response to the ED; propose to the SPT how to deal with those comments; prepare a draft Basis for Conclusions; propose to the SPT whether or not a re-exposure is necessary; and propose to the SPT a final draft of the standard.

The Task Force is established by and accountable to the SPT. The Task Force will provide a report to the SPT by 31 December 2014 on progress towards developing the exposure draft, so that the SPT can monitor the development of the work and prepare the ground for discussion of the ED at the SFPC meeting in Paris on 26 March 2015.

Chris Daykin  
Convenor, Standards Project Team  
7 October 2014

## **Terms of Reference for Task Force on a Model Standard for The role of the AF in contributing to the RM system in the Context of Solvency II (AF2RM Task Force)**

In the light of the discussions at the Bucharest Autumn Meetings of the AAE on 24 September 2015, the Task Force shall consider whether or not to recommend that a model standard (ESAP) should be developed by the AAE in relation to the role of the actuarial function contributing to the risk management system in the context of Solvency II.

In developing a recommendation the task force shall

- 6) Consider all levels of the relevant legislation of Solvency II;
- 7) Consider the ongoing development of ESAP3 (Actuarial practice in relation to the ORSA process under Solvency II);
- 8) Consider any standards already issued by other actuarial standard-setters on this topic;
- 9) Demonstrate (if applicable) how such a model standard, if it were to be developed, would meet the criteria established by the AAE in 2011 for the development of model standards by the AAE (at that time the Groupe Consultatif), including serving the interests of potential users and the public interest;
- 10) Consult with Full Member Associations of the AAE and other stakeholders (including the IAA) about the demand for a model standard on the actuarial function's contribution to the risk management system;
- 11) Consider whether having in place a model standard on the actuarial function's contribution to the risk management system would serve the needs of users and the public interest, and whether it would enhance the reputation and professional standing of the actuarial profession in Europe.

The Task Force is established by and accountable to the Standards Project Team (SPT). The Task Force should provide an interim report on the development of its work to the SPT by 29 February 2016; and a draft recommendation for the SPT by 31 August 2016 to present to the Standards, Freedoms and Professionalism Committee (SFPC) at the Barcelona Autumn meeting on 22 September, including, if thought appropriate, a Proposal to Develop a Standard.

Gábor Hanák  
Chairperson, Standards Project Team  
26 November 2015

## **Terms of Reference for Task Force on a Model Standard for Independent Review by an Actuary of Another Person's Work in the Context of Solvency II (the Independent Review Task Force)**

In the light of the discussions at the Standards Freedoms and Professionalism Committee (SFPC) at the Paris Spring Meeting on 26 March 2015, and at the Bucharest Autumn Meeting on 24 September 2015 the Task Force shall consider whether or not to recommend that a model standard (ESAP) should be developed by the AAE in relation to the role of actuaries reviewing work carried out by other actuaries or other professionals in the context of Solvency II.

In developing a recommendation the task force shall in particular

- 12) Consider the work of the AAE task force on independent review, the Position Paper of the AAE published in November 2014 and discussions that have been held by the Officers of the AAE with stakeholders since publication;
- 13) Consider the areas of work in relation to Solvency II where an actuary might be asked to carry out independent review;
- 14) Consider any standards already issued by other actuarial standard-setters on this topic;
- 15) Consider the form of standards issued by the auditing profession in relation to the role of the auditor as an independent reviewer;
- 16) Demonstrate (if applicable) how such a model standard, if it were to be developed, would meet the criteria established by the AAE in 2011 for the development of model standards by the AAE (at that time the Groupe Consultatif), including serving the interests of potential users and the public interest; particular attention should be paid to whether the context of Solvency II justifies the development of a European model standard or whether the AAE should encourage the IAA to develop a global model standard for independent review by an actuary;
- 17) Consult with Full Member Associations of the AAE and other stakeholders (including the IAA) about the demand for a model standard on independent review work;
- 18) Consider whether having in place a model standard on independent review work would serve the needs of users and the public interest, and whether it would enhance the reputation and professional standing of the actuarial profession in Europe;
- 19) Have regard to maintaining consistency with ESAP1, in particular 3.11 (Peer Review). The Task Force is established by and accountable to the Standards Project Team (SPT). The Task Force should provide an interim report on the development of its work to the SPT by 29 February 2016; and a draft recommendation for the SPT by 31 August 2016 to present to the Standards, Freedoms and Professionalism Committee (SFPC) at the Barcelona Autumn meeting on 22 September 2016, including, if thought appropriate, a Proposal to Develop a Standard.

Gábor Hanák  
Chairperson, Standards Project Team  
26 November 2015

## **Terms of Reference for a Task Force on Model Standards for Actuarial Function Reporting and Risk Reporting in the Context of IORPs (the IORP Task Force)**

In the light of the discussions at the Bucharest Autumn Meetings of the AAE on 24 and 25 September 2015, the Task Force shall consider whether or not to recommend that one or two model standards (ESAPs) should be developed by the AAE in relation to the actuarial function reporting and/or the risk reporting under the IORP directive.

In developing a recommendation the task force shall in particular

- 20) Explore and consider whether developing model standards on the actuarial function reporting and/or the risk reporting under the IORP directive could be beneficial to the public and to the actuarial profession in Europe;
  - 21) Demonstrate (if applicable) how such model standard or standards, if they were to be developed, would meet the criteria established by the AAE in 2011 for the development of model standards by the AAE (at that time the Groupe Consultatif), including serving the interests of potential users and the public interest; particular attention should be paid to whether the context of IORPs justifies the development of European model standards;
  - 22) Consider whether having in place such IORP related model standards would enhance the reputation and professional standing of the actuarial profession in Europe;
  - 23) Consider any standards already issued or being developed by other actuarial standard-setters on these or similar topics, in particular have regard to ESAP2 The actuarial function report under Solvency II;
  - 24) Consult with Full Member Associations of the AAE and other stakeholders about the demand for such IORP related model standards;
  - 25) Liaise with the Pensions Committee on the need for and potential content of the standards;
  - 26) Have regard to maintaining consistency with ESAP1.
- The Task Force is established by and accountable to the Standards Project Team (SPT). The Task Force should provide an informal interim report to the Pensions Committee for its 2016 spring meeting in London on 8 April 2016 with a view to submitting a formal report with a draft recommendation for the SPT to present to the SFPC at the Barcelona Autumn Meeting on 22 September 2016, including, if thought appropriate, a Proposal to Develop a Standard.

Gábor Hanák  
Chairperson, Standards Project Team  
26 November 2015