



ACTUARIAL ASSOCIATION OF EUROPE

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MINUTES
of a meeting of the
INVESTMENT AND FINANCIAL RISK COMMITTEE
held in Barcelona
on Friday 23 September 2016

Present:

Members of the Committee

Christoph Krischanitz (Chairperson)	Aktuarvereinigung Österreichs
Philippe Demol	IA BE
Richard Deville	Institut des Actuaire
Rokas Gylys	Lietuvos Aktuarų Draugija
Malcolm Kemp	Institute and Faculty of Actuaries
Trond Killi	Den Norske Aktuarforening
Mika Mäkinen	Suomen Aktuaariyhdistys
Tjemme van der Meer	Het Koninklijk Actuarieel Genootschap
Alexander Schalk	DAV
Eduardo Trigo	Instituto de Actuarios Españoles
Marcin Zwara	Polskie Stowarzyszenie Aktuariuszy
Ad Kok	AAE Chief Executive

Member of the General Assembly and other Committees

Karel Goossens	IA BE
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Observers

Eugenija Bieliauskiene	Lietuvos Aktuarų Draugija
Jozef Ducky	Polskie Stowarzyszenie Aktuariuszy
Gábor Hanák	Magyar Aktuárius Társaság
Anna Madrona	
Anne S. Magnussen	Den Norske Aktuarforening
Wojciech Mojzuc	Polskie Stowarzyszenie Aktuariuszy

1. Opening of the meeting and adoption of the agenda

The Chairman welcomed members of the Committee to Barcelona, particularly those for whom it was their first meeting, and thanked Col.legi d'Actuaris de Catalunya for hosting the meeting.

2. Minutes of previous meeting

Under agenda item 8 "CROs in the Netherlands" should read "the CRO Forum". The minutes of the Committee meeting held in London on 8 April 2016 were then confirmed.

3. Future of IFR Committee

Christoph noted the four options for the IFR committee, as discussed in the London meeting in April 2016

1. Stay within the pure investment and financial risk management issues within insurance and pensions
2. Remain within the insurance and pensions industry but look for new areas in the RM areas not covered by any other committee and also creating new roles for actuaries. Question is whether there will be enough resources to do all that?
3. Look at RM as a general topic to give actuaries new positions as optimal risk managers. Important question will be whether we will have enough resources. An advantage would be the independence with respect to other committees.
4. Wider aspect RM in other industries like banking, energy or industry to create new markets for the actuarial profession. Also here the question whether there will be sufficient resources.

The committee decided in London to focus at the first two options. In the meantime two activities have been started. Namely the Strategic Review and an initiative of the TF Roles of Actuaries to organise an ERM day. Gábor reported on the Strategic review activities and Karel Goossens reported on the ERM day that was held on 13 October in Brussels. There is some discussion on the question whether the IFR committee is the ERM committee. This has always been part of the ToR but it has never been in the awareness of the member associations. Important question remains what real ERM is and which committee should then be responsible for that? The RM area includes educational, professional and technical issues as well as standards. Currently there seems to be no common understanding or view about this. Important for this committee will be to have a limited number of relevant activities for which sufficient and enthusiast resources can be found. It was decided to focus

the next year on the following topics low/negative interest rates and UFR; PRIIPS and KID; PPP.

4. Market Consistency

Christoph reported that the sub-group has started its work under the leadership of Thomas Viehmann (DAV). A conference call has been held early September and a first draft can be expected at the beginning of 2017.

It was noted that Martin Zwara should represent Poland in the MCWP Subgroup.

5. Risk Management Qualification

Christoph noted the comments received on this paper. The intention is to discuss this paper with EIOPA in December 2016. The paper gives a listing of the necessary skills for a risk manager. It was agreed to include some additional comments and then Christoph will send the paper to the committee for approval. The paper will ultimately be published as a position paper.

6. Impact of low/negative interest rates

The final report on the AAE survey of member associations on the impact of the low interest rate environment was noted. Also a paper from KPMG Belgium on the impact of negative interest rates on modelling, was noted. A TF (Christoph, chair, Malcolm Kemp, Philip Keller and Chinu Patel) has been established do some further research into this topic and it is the intention to have a position that can be discussed with EIOPA in December. The committee is asked to send examples of malfunctioning models to Christoph.

7. Solvency II

No discussion.

8. Review of the IORP Directive

The initiative of the Pensions Committee to draft a paper on risk assessment of IORPs was noted.

9. KIDs and RTS for PRIIPs

The recent discussion in the EU Parliament was noted. It is likely that the implementation will be delayed. It was agreed to discuss this topic in detail in the next meeting.

10. EIOPA initiative on Infrastructure Investments

It was noted that the AAE did not respond to the EIOPA consultation. The AAE specifically

commented on the lack of data and whether it was then useful to create a standard formula.

11. Links with other organisations

The frequent meetings with EIOPA and the European Commission were noted.

12. Review of committee priorities

It was noted that the priorities were sufficiently discussed earlier in the meeting.

13. Report to the General Assembly

The report to the General Assembly was noted. Christoph will add to that the discussions of this meeting.

14. Exchange of information on current issues

Richard enquired on the status of the CMU consultation.

15. Any other business

There was no other business.

16. Date of next meeting

It was noted that the next meeting of the Committee will be held on 7 April 2017 in Málaga at the invitation of the Instituto de Actuarios Españoles.