ACTUARIAL ASSOCIATION OF EUROPE
ASSOCIATION ACTUARIELLE EUROPÉENNE

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MINUTES
of a meeting of the
STANDARDS, FREEDOMS AND PROFESSIONALISM COMMITTEE
held in Barcelona
on Thursday, 22 September 2016

PRESENT:

Committee:

David Martin (Chairman)	Institute and Faculty of Actuaries
Peter Prieler	Aktuarvereinigung Österreichs
Karel Goossens	Institut des Actuaires en Belgique / Instituut van Actuarissen en Belgie
Jiri Fialka	Ceská Spolecnost Aktuáru
Esko Kivisaari	Suomen Aktuaariyhdistys
Thomas Béhar	Institut des Actuaires
Dieter Köhnlein	Deutsche Aktuarvereinigung
Gábor Hanák	Magyar Aktuárius Táraság
Gennaro Olivieri	Istituto Italiano & Consiglio Nazionale degli Attuari
Rokas Gylys	Lietuvos Aktuarijų Draugija
Anne Sundby Magnussen	Den Norske Aktuarforening
Wojciech Mojzuk	Polskie Stowarzyszenie Aktuariuszy
Jose Manuel Mendinhos	Instituto dos Actuarios Portugueses
Maria Kamenarova	Slovenská spoločnost' aktuárov
Lutz Wilhelmy	Association Suisse des Actuaires
Ad Kok	Chief Executive
Michael Lucas	Secretary-General

Members of the General Assembly and other Committees:

Mike Poulding	Channel Islands Actuarial Society
Kristoffer Bork	Den Danske Aktuarforening
Carmela Calvosa	Institut des Actuaires
Wilhelm Schneemeier	Deutsche Aktuarvereinigung
Michael Renz	Deutsche Aktuarvereinigung
Birgit Kaiser	Deutsche Aktuarvereinigung
Henning Wergen	Deutsche Aktuarvereinigung

Philip Shier	Society of Actuaries in Ireland
Eugenija Bieliauskienė	Lietuvos Aktuarijų Draugija
Jeroen van den Bosch	Het Koninklijk Actuarieel Genootschap
Julia Brtanova	Slovenská spoločnosť aktuárov
Marc Arias	Col.legi d'Actuaris de Catalunya
Felix Arias	Col.legi d'Actuaris de Catalunya
Miquel Viñals	Col.legi d'Actuaris de Catalunya
Malcolm Campbell	Svenska Aktuarieföreningen
Chris Daykin	Institute and Faculty of Actuaries
David Hare	Institute and Faculty of Actuaries

Observers:

Helge-Ivar Magnussen	Den Norske Aktuarforening
Tom Terry	International Actuarial Association
Jeffrey Schlinsog	American Academy of Actuaries
Emma Gilpin	Institute and Faculty of Actuaries
Robert Inglis	UK Financial Reporting Council

Apologies for absence:

Angel Videnov	Bulgarian Actuarial Society
Mirjana Cesarec	Hvratsko Aktuarsko Društvo
Nicos Koullapis	Cyprus Association of Actuaries
Kati Hoop	Eesti Aktuaaride Liit
Marianna Papamichail	Hellenic Actuarial Society
Steinunn Gudjonsdottir	Felag Islenskra Tryggingast Aerdfraedinga
Yvonne Lynch	Society of Actuaries in Ireland
Vicenzo Urciuoli	Consiglio Nazionale degli Attuari
Inga Helmane	Latvijas Aaktuãru Asociãcija
Matthias Foehr	Association Luxembourgeoise des Actuaires
Jean-Paul Shipley	Malta Actuarial Society
Razvan Carstoiu	Asocitatia Romana de Actuariat
Igor Zoric	Udruženje Aktuara Srbije
Jernej Merhar	Slovensko Aktuarsko druśtvo
Luis Sáez de Jáuregui	Instituto de Actuarios Españoles
Marion James	Actuarial Society of Turkey
Antonina Redka	Society of Actuaries of Ukraine

1. Opening of the meeting and adoption of the agenda

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

1.2 The agenda, as circulated, was adopted and a copy is attached to these minutes as **Annex I**.

The Chairman asked committee members if there were any items on the agenda which should be reserved and so would require observers to withdraw. None were suggested.

2. Minutes of previous meeting

2.1 The Minutes of the meeting of 10 March 2016, held in Nicosia, were confirmed.

3. Actuarial Standards

3.1 Gábor Hanák, convener of the Standards Project Team (SPT), gave an overview of its activities since the Committee's last meeting. The main issues requiring discussion or decision by the Committee are the subject of separate sections of Minute 3 below. The updated work-plan and Terms of Reference for the Task Forces were noted.

3.2 David Hare gave a presentation (attached to these minutes as **Annex II**) summarising the issues which had been raised at the last meeting in relation to the Exposure Draft (ED) of ESAP3, and highlighting the actions taken by his drafting group to address these concerns. He drew attention to two additional amendments which the drafting group proposed, to cover the definition of uncertainties and reference to feedback loops. David also outlined the revised structure of the EAN on ESAP3.

There were no comments on the revised draft, and David and his drafting team were congratulated on their excellent work in revising and clarifying the original draft. It was agreed to adopt the timetable proposed in David's presentation:-

- informal consultation, particularly with those member associations who responded to the consultation on the previous ED (until late October)
- finalisation of new ED for formal consultation (by late November)
- approval of formal consultation under Due Process (by end November)
- formal consultation on new ED (December – March)
- consultation responses worked through and, if necessary, an amended ESAP3 produced
- agree ESAP3 at Spring 2017 meetings
- draft EAN will accompany the ED (but not be subject to the formal consultation)

3.3 Gábor referred to the problem which would arise over an inconsistency in the definition of "model" between ISAP1A and ESAP2 when the former is adopted by IAA. The SPT report outlined several options as to how AAE might deal with this issue. In discussion of these options, Malcolm Campbell pointed out that AAE would either have to accept the IAA definition or have its own definition used across all ESAPs. Thomas Béhar and Kristoffer Bork suggested that further steps should be taken to exert greater European influence within the IAA, in particular its Actuarial Standards Committee, and indicated that the strategy review will promote closer links and avoid duplication/conflict. It was agreed to endorse ISAP1A and then review the position when it is absorbed into ISAP1.

Progress with ISAP5 was noted.

3.4 Thomas Béhar and Emma Gilpin presented revised proposals for the Code of Conduct and associated Q&A document, which took account of the comments made on the Exposure draft at the last meeting. Gábor suggested that

- the preamble could be improved by adopting some of the language used in ESAPs, to convey that the Code is obligatory, and
- the sub-title might be amended to be more accurate

The Committee agreed that, subject to these minor amendments, the revised drafts should be circulated to member associations for further consultation. For both documents, the consultation should focus on sections that have changed since the first consultation, as identified by the marked-up comments. The consultation pack should also include the summary of feedback on the initial consultation which had not been addressed.

Chris Daykin drew attention to the relationship between the AAE Code of Conduct and the IAA Code, and pointed out that the IAA will await the outcome of the AAE review.

4. Professionalism issues

4.1 ***UK FRC Actuarial Council***

Robert Inglis gave a brief report on the work of the FRC Actuarial Council.

4.2 ***Review of Mutual Recognition Agreement***

The Chairman referred to his proposed amendments to the questionnaire used to obtain responses from member associations for the previous MRA review. He suggested that it should maintain consistency in order to allow comparison of numbers, but might drop questions on discipline where differences in national data protection legislation make comparison difficult. However members of the Committee considered that it is more important to capture information on how the MRA is used, whether there have been any problems in implementation, whether any changes are required in the MRA or the guidance notes, rather than simply gathering statistics. The Chairman agreed to amend the questionnaire in the light of these comments, with assistance from Birgit Kaiser. The revised questionnaire will then be circulated to member associations to provide their responses.

4.3 ***Continuing Professional Development***

It was noted that that there will be further discussions on the IAA's CPD policy at the forthcoming meetings in Cape Town. The Chairman pointed out that the key issue for associations is whether or not they ensure compliance with any CPD requirements. Malcolm Campbell observed that a Code of Conduct requires competence, which implies compliance with any CPD requirements, but he acknowledged that compliance with the Code of Conduct is just as difficult to police. This issue will be reconsidered once the outcome of the IAA discussions is known.

5. Roles of Actuaries / Actuarial Function

Karel Goossens referred to the paper which had been produced which summarised the survey on the roles of actuaries under Solvency II, based on the survey of member associations. The paper was of considerable interest to EIOPA, who asked for additional information on

- actuaries in Board positions/acting as Risk Managers or CROs
- combination of Risk Management Function and Actuarial Function

A follow-up survey to capture responses to these additional questions was approved and will be circulated shortly, and Karel asked Committee members for their assistance in ensuring that their associations respond in a timely manner. Thomas Béhar suggested that there may be practical problems in ensuring the second question is answered consistently.

Karel drew attention to the report of the round table on ERM, which has provided valuable input to discussions on how the topic fits into the role of the IFR Committee and the wider AAE strategy review. Gennaro Olivieri raised the question of extending interest in ERM to other industries: Karel indicated that this could follow in due course but the first priority is in relation to insurance and pensions.

Karel also referred to two other work-streams, roles of actuaries in Pensions and independence of the actuary, where further progress requires additional volunteers.

6. Global ERM qualification

Malcolm Campbell reported that applications for Belgium and Finland are being processed, bringing the total number of European countries involved to ten.

7. Consumer Protection

Michael Renz outlined a number of concerns

- continuing difficulty in finding volunteers with appropriate interest and expertise from member associations
- diversity of business models in different jurisdictions is reflected in heterogeneous responses from member associations which can be difficult (or impossible) to reconcile into a coherent and meaningful AAE position
- pushback from European Council against PRIIPs RTS proposals: AAE might be expected to have some input on the technical/actuarial aspects

The Officers have agreed that a round table (similar to that organised in ERM) centred around representatives from associations which already have some structured consumer protection activity should be arranged: proposals will be circulated shortly to member associations.

8. Accreditation of member associations

The Chairman reported that progress on this topic awaits acceptance of the new IAA

syllabus, due to be discussed further in Cape Town, and completion of the review of the AAE syllabus.

9. AAE and IAA – Issues of mutual interest

The Chairman drew attention to the main items of mutual interest –

- closer formal links between IAA and AAE, including draft MoU
- disciplinary schemes and Code of Conduct
- use of actuarial standards
- education syllabus.

10. AAE Strategy Review

Kristoffer Bork gave a presentation in which he described in some detail the work of the strategy review task force and its proposals for changes to the strategic objectives and governance of AAE. (A copy of this presentation is attached to these minutes as **Annex III** – this is an updated version of the report from the task force which was circulated as part of the agenda before the meeting). He also referred to a joint letter which had been submitted to AAE Chairperson, Philip Shier, by the three largest associations (UK, Germany, France) shortly before the meeting. This letter (copy attached as **Annex IV**) sets out a number of comments on the task force proposals, in particular in relation to governance and the composition of the Board:-

- elimination of overlap with IAA
- Board - delegated authority from General Assembly
- 9 members – Chairperson, Vice-Chairperson, Immediate Past Chairperson), plus 6 nominated by Nominations Panel and elected by General Assembly
- Committee chairpersons and Honorary Treasurer eligible but unlikely to have majority on board
- other Committee chairpersons are invited to attend Board meetings, but not vote
- General Assembly guidelines to Nominations Panel
    - balance of representation of member association (eg size)
    - Chair of SFPC considered
    - diversity (area & gender)
- collective responsibility – Board members must not represent their own associations
- no guaranteed places for any member association
- likely that UK, Germany and France would be able to produce eligible candidates for the Board and would have places
- these three associations will be involved at the highest level

During a wide-ranging discussion a number of other points were made regarding governance, in particular:-

- Sweden:
    - the Statutes should not define how to run the General Assembly
    - Committee chairpersons should remain on an expanded Board
    - as an example, the IAA Executive Committee (11 members) is the absolute

maximum number. of members in order to have efficient meetings

- Switzerland:
    - it is a good step forward to have a properly constituted board with a defined role
    - it is essential to define criteria for Board candidates for the Nominations Panel
- Hungary:
    - acknowledge UK, Germany and France comprise 70% of all members, but it is important that these three associations buy into the fact that they need to ensure a supply of suitable volunteers in good numbers
- Portugal:
    - see no need to change, but accept wish of others to do so
    - concern over extent of power vested in Nominations Panel

It was agreed that the current task force has fulfilled its remit and should now be succeeded by a new task force to undertake implementation of the review proposals once these have been agreed by the General Assembly. The new task force could possibly be split into two parallel streams, to address strategic objectives and governance separately. Members of the original task force may continue if they wish, and new volunteers may be added, but Kristoffer should stand down as convener: Thomas Béhar was proposed as his successor. Thomas and Kristoffer will draft Terms of Reference for the new task force., for approval by the Committee In his capacity as President of IAA, Malcolm Campbell indicated that Thomas would be welcome to join the ongoing IAA strategy review. At Gábor Hanák's suggestion, it was agreed that Committee members should have a further two weeks to submit any additional comments.

11. Review of Committee Priorities

It was agreed that review of the Committee's priorities should be deferred until the strategy review is complete.

12. Activities in the Committees of the AAE

The Committee noted the reports to be presented to the General Assembly by the committees. (This reflects the Committee's remit to "… keep under review … the general operations … of the committees"). The Chairman expressed his thanks to Michael Lucas for his work in their preparation.

13. Meeting with DG FISMA (Insurance & Pensions Unit)

It was noted that a meeting was held between Officers of AAE and staff of DG FISMA Insurance and Pensions Unit in Brussels on 6 July 2016.

14. Meeting with EIOPA

It was noted that a meeting was held between Officers of AAE and the Chairman and staff of EIOPA in Frankfurt on 5 July 2016.

15. Future Annual Meetings and Spring Meetings

15.1 ***Annual Meetings***

Future Annual Meetings were confirmed as follows –

- 2016 – Barcelona, Spain – 23 September 2016
- 2017 – Copenhagen, Denmark – 22 September 2017
- 2018 - <location tbc>, Netherlands - <date tbc>, 2018
- 2019 – Vienna, Austria - <date tbc>, 2019

15.2 ***Spring Meetings***

Future Spring Meetings were confirmed as follows –

Pensions, IFR and Education Committees
2017 – Malaga, Spain – 6/7 April 2017

Standards, Freedoms & Professionalism / Insurance Committees
2017 – Reykjavik, Iceland – 11/12 May 2017

Offers to host future Spring Meetings from 2018 onwards were invited.

16. Information Exchange

The Chairman drew attention to information from UK (attached to these minutes as **Annex V**).

17. Any other business

Thomas Béhar reported that the Institut des Actuaires has signed a Memorandum of Understanding on mutual recognition with the Chinese association. He suggested that AAE might also consider establishing a model MoU along the lines adopted with ASSA (South Africa).

18. Date of next meeting

The next meeting of the Committee will be held in Reykjavik on 11 or 12 May 2017 at the invitation of the Icelandic association. (The date will be confirmed after discussion with the Chairman of the Insurance Committee).