

MINUTES OF A MEETING OF THE STANDARDS, FREEDOMS AND PROFESSIONALISM COMMITTEE

HELD IN LISBON, PORTUGAL

ON FRIDAY 13 APRIL 2018

The participants list is attached as **Annex 0.1**

1. OPENING OF MEETING AND ADOPTION OF THE AGENDA

David Martin, the Chairperson, opened the meeting and thanked the Portuguese association for their hospitality.

No matters of confidential nature were raised.

2. MINUTES OF PREVIOUS MEETING

2.1 The following sentence in section 4, 2nd paragraph needs to be corrected:

‘Yvonne stressed that any further detailed revisions of the code will ~~not~~ have to be approved by the General Assembly. Revisions of the Q&A would not have to be approved by the General Assembly.’

With this correction the minutes of the meeting held in Copenhagen on 22 September 2017 were approved (**Annex 2.1**).

3. ACTUARIAL STANDARDS

- 3.1 Hillevi Mannonen introduced herself as the new chairperson of the Standards Project Team and gave a short explanation of their activities to date. Further information can be found in the report attached to the agenda as annexes 3.1a and 3.1b.
- Gábor Hának mentioned that the nature of the SPT is not a temporary structure and suggested making it a subcommittee. All agreed to change the name to Standards Subcommittee (SSC). Esko Kivisaari believed that we should only issue standards when needed. Having a permanent subcommittee would create the impression that new standards are continually being developed. However David Martin responded by saying that the review of the current standards would also be part of the task of the new subcommittee. Gábor referred to the [Due Process document](#) which the SSC would take as a guideline to decide on future ESAPs. It was suggested this should be reflected in the ToR for the new subcommittee.

Following Hillevi’s invitation to suggest topics for future standards, Gábor Hának mentioned consideration of a standard for the actuaries’ role in respect both of Solvency II and IFRS 17. This topic is also on the agenda of the TF Roles of Actuaries. Both Yvonne Lynch and Esko Kivisaari thought that the topic should first be discussed in the IC. Esko also mentioned that there are extensive discussions ongoing in the IAA on a standard on the actuaries’ role under IFRS 17. Gábor Hának referred to ISAP 4 (IAA) which could be used as a base for a first draft, but dependent on what the European Commission decides in this area.

Hillevi also mentioned that all agenda and minutes of the SPT can be found on the [website](#).

3.2 Potential ESAP or EAN related to IORP II:

The Pensions Committee (PC) decided in September 2016 not to produce a standard on IORP II. However, the PC has been working on an EAN for IORP II. Both the draft proposal and the first draft of the EAN were in the committee's papers. Both needed more work. Both will be discussed at the PC in Warsaw.

The following comments/decisions were made regarding the documents attached to the agenda:

- *Due Process for the development of EANs*

It was agreed to review both the document '[Due Process for the development of EANs](#)' as well as the document '[Due Process for ESAPs](#)'. The final approval of these documents lies with the Board followed by their presentation to the General Assembly.

- *Proposal to Develop an EAN*

The feedback from the meeting included the following remarks:

- Though the SFPC supported the past decision of the PC to develop an EAN instead of an ESAP, things have progressed and now that the IORP II is in place the SFPC would wish to check that the PC still believes an EAN is preferable to an ESAP on this topic. David Martin referred to a presentation of September 2016 in which reasons were laid out on why the PC felt an ESAP was not appropriate and an EAN should be produced (attached as **Annex 3.2a**).
- Gábor Hanák mentioned that in the original proposal the objective is fine, however the scope needs further work. It was recommended not to use the term 'appropriate practices' in an EAN. (The scope is included in the draft of the EAN).
- Thomas Béhar believed that it is not consistent to have an ESAP2 standard and an IORP II educational note. Malcolm said that it is up to the PC to decide, though the SFPC can advise. Yvonne referred to the due process.
- Thomas Béhar stressed that the final decision on this is not for the board, but for the SFPC.
- It was agreed to ask the PC to explain why they have chosen to develop an EAN and whether this still holds. The PC will also be asked to further clarify the proposal. Yvonne stressed the need to be sensitive in reporting back to the PC.
- David Martin will draft a response to the Pensions Committee and since the layout is not consistent with existing ESAPs, he will mention that the SFPC will provide a style guide. **ACTION: David Martin**
- No further remarks were made on the presentation about the EAN which was attached to the agenda as annex 3.2.3.
- *Latest draft of EAN*
Gábor Hanák said that it is not clear what the subject is. He remarked that the current document is too descriptive to be an EAN and looks more like a draft standard rather than an EAN.

3.3 Possible new topics for ESAPs

1. GDPR. David Martin mentioned that this topic was also discussed in the meeting of the Insurance Committee. The paper on GDPR is well progressed and could be issued as an AAE paper, but not as an EAN. This will be discussed in the Pensions Committee to ascertain that pensions-related issues are covered.
2. Economic Scenario Generators (ESG). This concept is still in the early stages, further research is needed.

- 3.4 **Report on progress with a draft European Actuarial Note (EAN) to accompany ESAP 3.**
Esko Kivisaari said that it needs further work in the Insurance Committee. He will ask the TF to check the time schedule. A further proposal will be presented in Utrecht.
- 3.5 **To consider arrangements for Monitoring Adoption of ESAPs by member associations.**
David Martin referred to the IAA and its process of monitoring ISAPs. Birgit Kaiser updated the meeting and referred to the confirmation form from which questions about standards were being removed as some people felt that their presence on a mandatory questionnaire implied a mandatory requirement for adoption of ISAPs (which is not the case). The IAA Professionalism Committee has developed an alternative optional questionnaire, which should be final soon. This could also be applied by the AAE to monitor the adoption of ESAPs. Consideration could be given to including ESAPs in the IAA questionnaire to reduce the work for smaller associations. An observation was made that this may confuse non-European associations who are not familiar with ESAPs. Birgit will present the questionnaire in Utrecht.
If this is a path that is to be considered, Gábor Hanák suggested asking member associations if they would agree to this process or whether they would have any concerns.
4. **CODE OF PROFESSIONAL CONDUCT (CoC)**
- 4.1 **To take note of the Webinar on the CoC** to be organised on 9 October 2018. Yvonne Lynch, Emma Gilpin and Florin Ginghina are involved in its preparation.
Yvonne asked what members would like to have included, apart from explaining what is in the Code and explaining the process.
Birgit Kaiser asked for the target group to be defined: individual actuaries (to comply with their associations' code) or associations going through the process of adopting the code.
Yvonne responded that it would be primarily for the Member Associations (MAs).
Thomas Béhar suggested including the difference between the old and new CoC and to stress why the CoC should be adopted.
Yvonne suggested sending a short survey to MAs to prepare for the webinar. David Martin suggested including a question on work already done (e.g. like the IFoA).
José Mendinhos asked for the importance of the CoC and focus on content and case studies to be stressed.
Gunn Albertsen agreed that a section should be included on 'how to implement the AAE Code' for MAs and to add some case studies (e.g. Portugal, Germany and Slovakia who had already implemented the CoC).

Part 1 of the webinar could be on 'this is what you have to do and how you could do it'.
Part 2 could be dedicated to examples/case studies and time for Q&A.
- 4.2 **To remind member associations of the transition period and the need to comply by the effective date and to discuss any problems foreseen at this stage.**
David Martin described the new IFoA CoC which had already been principle based but has become now even more principle based. He raised the question 'How do you decide if an association has complied?'. A declaration of substantial consistency might be appropriate.
Malcolm Campbell asked how we could reach the smaller associations. A pragmatic way forward would be to ask associations to map the differences between their current code and the new AAE CoC. Gábor Hanák emphasised not just sending a reminder, but asking questions to which they have to reply.
Malcolm referred to the part in the statutes where it says 'CoC of new members must at least reflect the AAE CoC'.

5. PROFESSIONALISM ISSUES

5.1 Mutual Recognition Agreement (MRA)

5.1.1 *Update on the revision of the MRA documents (incl. the Heubeck letter)*

David Martin reflected on the survey sent some time ago, following the necessary review, and the task that emerged. Yvonne Lynch referred to annex 5.1.1. and to the work recently started in the Irish Association (SAI). The SAI decided to ask for legal advice. The working group decided to wait for this legal advice before including it in its work. Yvonne expected to present further developments in Utrecht.

5.1.2 *Feedback on specific issues relating to individual recognition and to discuss the next steps.*

David Martin stressed that this was the last opportunity for MAs to bring forward any issues.

All outstanding issues appeared to have been resolved, as no comments were made.

Malcolm Campbell raised a related issue on the various kinds of membership. There are different kinds of membership (full, fellow, associate, affiliate) among the MAs and when an actuary moves from one country to another and applies to the local MA, attention must be paid to the kind of membership as only full members can be admitted (under the local conditions) under the MRA arrangements.

It was agreed to post on the website a message to contact the Secretariat in case of questions related to the MRA and to remove this topic from the SFPC agenda.

ACTION – AAE Secretariat

5.2 Continuing Professional Development

To review the question of requiring member associations to make CPD compulsory in the light of any developments in member associations and at the IAA.

David Martin noted (from their report tabled at the meeting for item 18) that the Col.legi in Spain implemented a new CPD requirement.

Birgit Kaiser mentioned that in Germany compulsory CPD has now been in place for 3 years. DAV currently have 20 disciplinary cases relating to members who have not fulfilled their CPD requirements.

Jan Kars reported that in The Netherlands, after each regular review, the CPD requirements resulted in some members being removed as full members.

Emma Gilpin reported that in the UK an experimental approach to an outcome-based CPD scheme is being developed. She offered to report on this in the future.

Mária Kamenárová mentioned recent developments in Slovakia. Some members failing to obtain the necessary CPD points fell back to the status of 'Friendly Members'. However, these friendly members still did work as AFH. As a result, this has now changed so that only FQA meeting the CPD criteria could do this work.

David Martin mentioned the review of the CPD Strategy by the Education Committee that was discussed at the last meeting. This review is yet to commence.

Gábor Hanák suggested asking, for information purposes only, the South African association about their outcomes-based CPD strategy. **ACTION – David Martin**

6. ROLES OF ACTUARIES / ACTUARIAL FUNCTION

Karel Goossens – chair of the TF Roles of Actuaries – gave an update on the developments in the TF. There are 4 workstreams: AI, Legal Environment and Regulation, Professional Judgement, Health. In addition to the information sent with the agenda as annex 6, the following was added:

- Artificial Intelligence: Lutz Wilhelmy had agreed to join the workstream and will consider approaching other participants for their expertise. Karel asked if the delegates were aware of people who could add value and would like to join. Gennaro Olivieri emphasised the role of scientific research in our profession. It was agreed to check with MAs that are already working on this topic and use their expertise and experience (France, Germany and UK who are already conducting courses on this subject). Esko Kivisaari mentioned that the EU and the EC are working on consultations on this subject.
- Legal environment: this is considered to be more of a mapping exercise. José Mendinhos confirmed his offer to assist in this workstream.
- Data Science: Karel proposed that this should be added as a fifth workstream. Gábor Hanák commented that the AAE should refrain from duplicating what the IAA is doing. He recognised that these issues are important to the AAE and for communication with European institutions. Esko Kivisaari shared Gabor's concern and mentioned the IAA Big Data WG. European consultations were being done by EU members of this WG. Good cooperation with the IAA WG was clearly needed. Malcolm suggested defining what we want to do as the AAE and then consulting the IAA Big Data WG so as to avoid duplication and wasting resources. Christophe Heck expressed a concern about a decrease in registrations for Data Science courses. He stressed the need to update the AAE core syllabus on this topic.
- Regarding IFRS 17 it was noted that an AAE IFRS 17 TF is dealing with the technical issues in IFRS 17 and communication with the EFRAG environment. The Task Force Roles of Actuaries will consider if there is a role for actuaries here.
- Regarding Risk Management the TF Roles of Actuaries will organise a CRO Round Table in the second half of this year. The objective is to involve/invite leading people in the risk management area.
- Karel will give an update in Utrecht. All are invited to suggest candidates for each workstream and share these with Karel.

7. **GLOBAL ERM QUALIFICATION**

Malcolm Campbell gave an update on the CERA qualification. CERA continues to grow. The Austrian Association, the Col.legi and the Instituto in Spain have now been added as Award Signatories. 20 countries are now CERA accredited, the majority of which are in the AAE. There are now 4,500 CERAs in the world, of which 1,250 are in European associations. The emphasis of CERA is now to market the education courses to become CERA.

8. **CONSUMER PROTECTION WORKING GROUP**

Thomas Béhar and Mária Kamenárová gave a short report related to annex 8.1. The next call of the WG is scheduled for 18 April to discuss the results of the PRIIPs survey after which a report will be prepared. 13 responses have been received to date. Mária asked for suggestions on whether any issues are missing from the survey.

Thomas Béhar shared the news that Valéry Jost – chairperson of the WG - is representing the AAE in an expert group of EIOPA that is dealing with the costs of insurance contracts.

Gábor Hanák commented on the ToR. He proposed adding 'to develop educational material for consumer protection groups in an unbiased way'.

David Martin will ask the WG to cover a broader field on consumer protection than PRIIPs and proposed including educational material as a topic.

Gabor will send examples on Motor Third Party Liability (MTPL) to Mária who will discuss this in the WG. **ACTION David Martin**

9. **ACCREDITATION OF MEMBER ASSOCIATIONS**

The Chairperson gave an update on arrangements for continuing accreditation of member associations, which requires close cooperation with the Education Committee. Regarding the current application from Turkey the issue of the Turkish Association's treatment of specialisation subjects has not been resolved yet.

In a broader perspective David remarked that MAs will be accredited according to the new CoC. Malcolm Campbell noted that, currently, accreditation of new members is based on the current CoC (old one), which should be taken into account.

David mentioned that the IAA includes a discipline scheme and the way standards are adopted in the accreditation process of the IAA. He stressed that implementation of ESAPs (and ISAPs) by MAs is subject to local legislation and requires a consultation process to be followed.

10. **AAE AND IAA – ISSUES OF MUTUAL INTEREST**

10.1 David Martin reported on issues of mutual interest in the professionalism area arising at the IAA that included:

- Review IAA CoC: Malcolm Campbell asked if we can ascertain that the new AAE CoC complies with the IAA CoC. David responded that this is being looked at by the IAA Professionalism Committee. Yvonne Lynch mentioned that the WG did perform that exercise but did not ask the IAA whether the new AAE CoC is compliant with the IAA CoC. There needs to be liaison with the Membership Committee of the IAA to cover European Associations' need to comply with the new AAE CoC. **ACTION David Martin**
- Gábor Hanák mentioned that the review of the IAA strategy is an ongoing discussion. The IAA is considering reducing the SOs from 6 to 3.
- Gábor also mentioned the ongoing discussion on the definition of FQA and which category of members should pay fees. It is likely that the Statutes and Internal Regulations regarding the definition of FQA will be reviewed. Inclusion of an actuarial credential to determine fees to be paid to the IAA is being discussed.

11. **REVIEW OF COMMITTEE PRIORITIES**

David Martin discussed the review of the priorities of the Standards, Freedoms and Professionalism Committee in the context of the AAE strategy document and Action Plan: Regarding the new format proposed by the Board (annex 11.2 to the agenda) it was agreed to add two extra objectives:

6. TF Roles of Actuaries and

7. Encourage working with smaller associations in line with SO3 - to make visible what the SFPC is doing and to assist in implementation issues.

Draft revised Terms of Reference.

David explained the suggested changes to the ToR (annex 11.3 to the agenda).

It was agreed to change the name of the committee to Professionalism Committee. David mentioned that one member of the Board had preferred to keep the word 'Freedoms' in the committee name. Since the change of committee name is subject to Board approval, David will present this unanimous committee view to the Board. **ACTION: David Martin..**

It was suggested that the ToR should make it clear that this committee reports to the Board.

Further proposed changes to the ToR are:

1.i: change 'the continent of Europe' to 'Europe'

1.iii: Gábor Hanák asked for reconsideration of the use of the term 'technical guideline' and suggested instead 'educational note'. David will rewrite 1.iii. also to include the word 'model'.

1.iv: Gábor Hanák remarked that this should be consistent for all committees. Mária Kamenárová asked for inclusion of a statement that the committee can propose tasks as suggestions to the Board. David remarked that the changes made to 1.iv were the result of the new governance arrangements. The responsibilities of the AAE Board and the SFPC had changed.

Broadly, the Board should be overseeing in each case where there is reference to a reporting line to the General Assembly in all committee ToRs.

2.iii: Gábor suggested introducing the word 'Professional' to read: Code of **Professional** Conduct

2.v: This needs rewriting for consistency with the above comments. David will also check the Due Process document.

2.vii: This needs amending to simplify the wording.

2.viii: Christophe Heck suggested adding the verb 'promote'. Thomas Béhar suggested ending the sentence after 'activity'.

Hillevi Mannonen remarked that the process followed to find new members for the SPT had not been correct. She also suggested that, given the name change of the SPT into Standards Subcommittee (SSC), adding to the ToR of the SSC: 'to monitor Due Process and suggest changes'. **ACTION David Martin** will review the SFPC/PC ToR and share this with the SSC and SFPC.

12. **STRATEGIC OBJECTIVE 3**

Esko Kivisaari explained the process as laid out in annex 12 of the agenda.

To date 19 MAs have been interviewed. Still missing are UK, Belgium, The Netherlands, the Col.legi and the Instituto in Spain. Esko reported that there seems to be a gap between what the AAE does and what is expected.

From the interviews conducted his first conclusion is that SO1 is the most important SO. He stressed that the AAE does not need to change the strategy. The AAE needs to implement SO3 - not by competing with what IAA is doing, but by doing what is needed and cooperating where necessary with the IAA. He also referred to Mária's questionnaire on (SO3) drafted to be sent to the smaller associations (see item 15).

13. **APPOINTMENT OF VICE-CHAIR PERSON**

David Martin explained the need for the appointment of a vice-chairperson.

The PC and IC have already suggested vice-chairs. Given the urgency due to the pregnancy of the PC chairperson, the vice chair for the PC has been approved by the Nominations Panel (NP). The IC had, the previous day, agreed on the nomination of a vice-chair. This will be a year to year appointment starting at the next General Assembly. David will propose a vice-chairperson in Utrecht.

He also mentioned that the Board is aware that his term as chairperson is coming to an end in the autumn, and that the origin (home MA) of the proposed chair and vice-chair would be taken into account in the nomination process, as they could not be from the same MA. The vice-chairperson will remain a delegate of the respective committee, so will

continue to represent his/her MA unless he/she is replacing the chairperson. Since no names of candidates had been received for the position of chairperson for the SFPC a new Call for Nominations will be issued shortly.

14. **DEFINITION OF AN ACTUARY**

David Martin had asked for suggestions for an AAE definition of an “Actuary” or “European Actuary”. He had received only one - from José Mendinhos. He requested the committee members each to prepare a definition in about 10 words. Malcolm Campbell reminded the committee not to forget the professionalism part of the definition.

15. **ASSISTING SMALLER MEMBER ASSOCIATIONS WITH IAA MATTERS**

Mária Kamenárová (with some input from David Martin) had composed a draft questionnaire which was circulated to the committee and is attached as **Annex 15**. She explained its purpose. The survey is a combination of SO3 and also assistance needed by smaller MAs on matters concerning the IAA. The questionnaire as proposed will be sent only to small associations, not to the larger ones. Kristoffer Bork suggested splitting the questionnaire into 2 sections: SO3 and IAA matters, and to make Q5 more detailed. Mária, Esko and Kristoffer will follow up on this. Given his work on SO3 Esko Kivisaari asked to check the response from the interviews first and define the gaps in order to avoid an overlap with his interviews. It was agreed that Mária and Esko will collaborate on the SO3 questions, as a follow up on Esko’s interviews. The Board will need to approve the final survey before it is sent.

16. **MEETING WITH EXTERNAL ORGANISATIONS AND STAKEHOLDERS**

The overview of meetings held between delegations of the AAE and the respective stakeholders was noted.

17. **FUTURE ANNUAL AND SPRING MEETINGS**

17.1 *Annual Meetings*

2018 – Utrecht, The Netherlands – 21 September 2018

2019 – Vienna, Austria – 12 October 2019

2020 – Munich, Germany - <to be confirmed> October 2020

Offers to host other Annual meetings from 2021 onwards are welcome and can be submitted to the AAE Secretariat.

17.2 *Spring Meetings*

2019 – Sofia, Bulgaria, 10-12 April 2019 – all committees

Offers to host other Spring meetings from 2020 onwards are welcome and can be submitted to the AAE Secretariat.

18. **INFORMATION EXCHANGE**

To note information provided on current issues in member associations of interest to other members.

- Country reports from SAI (Ireland) and from IFoA (UK) were distributed with the agenda.

The following reports followed after issuing the agenda and are now included:

- Country report from the Col.legi (attached as **annex 18.1**)
- Country report from Switzerland (attached as **annex 18.2**)

Further information that was shared:

- Slovakia reported that they adopted ESAP3 in December 2017, ESAP1 and 2 were already adopted. Also discussions with the regulator have started and the promotion of actuarial standards has begun.
- France mentioned a report on the use of data which has now been translated into English and is now a standard since the approval at the last GA in France. Also an educational note is being developed on economic scenario generators.
- Austria reported that they are working on new mortality tables specifically for pension funds.

19. **DATE OF NEXT MEETING**

The next meeting of the Committee will be held in Utrecht, The Netherlands, on Friday 21 September 2018, at the invitation of Het Koninklijk Actuarieel Genootschap.

20. **ANY OTHER NON - RESERVED BUSINESS**

Peter Prieler requested to have the email addresses available on the members' only section of the AAE website.

Ad Kok explained that the AAE is currently preparing for the implementation of GDPR. As a result these email addresses were removed.

21. **RESERVED (CONFIDENTIAL) BUSINESS – IF ANY**

There were no issues reported.