

20 January 2018

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✉ INFO@ACTUARY.EU
WWW.ACTUARY.EU**ACTUARIAL ASSOCIATION OF EUROPE****RISK MANAGEMENT COMMITTEE****FILE NOTE OF RISK MANAGEMENT COMMITTEE CONFERENCE CALL ON 10
JANUARY 2018 AND PROPOSED NEXT STEPS****PURPOSE OF CONFERENCE CALL**

To discuss:

- (1) Proposed Strategic Objectives for 2018
- (2) Work plan for 2018 and beyond and proposed Committee structure

ATTENDEES

Note: I don't think that I caught all the attendees, so please let me know if you attended but I haven't so far included you in the attendees list, or if I've got your name or association wrong.

Loes de Boer (Netherlands)	Ana Maria Martins Pereira (Portugal)
Žana Kraučenkienė (Lithuania)	Annina Pietinalho (Finland)
Yanitsa Yaneva (Bulgaria)	Demosthenis Demosthenous (Cyprus)
Jana Zelinková (Czech Republic)	Alexander Schalk (Germany)
Gabor Pásztor (Hungary)	Bryan O'Higgins (Ireland)
Christoph Krischanitz (Austria)	Richard Deville (France)
Karel Goossens (Netherlands)	Eduardo Trigo (Spain)
Maria Romero (Spain)	Philippe Demol (Belgium)
Susanna Adelhardt (Germany)	Daphné de Leval (Belgium)
Eddy van den Borre (Belgium)	Frank Schiller (Germany)
Malcolm Kemp (Chair)	Roberto Muscogiuri (Italy)

MINUTES OF CONFERENCE CALL

Malcolm welcomed attendees to the conference call and the agenda as above was agreed.

1. Proposed Strategic Objectives

A draft set of strategic objectives had been included in the meeting papers and was discussed:

- Malcolm explained that earlier drafts had been restructured to align with the 3 overarching objectives for the whole AAE, hence the split between SO1, SO2 and SO3
- Christoph suggested including in SO1 an objective relating to identifying and reaching out to relevant risk management orientated institutions in Europe
- Loes, Frank and others suggested adding in SO3 (maybe SO2) an objective about developing further the paper on the future positioning of the actuary in risk management
- Christoph suggested reviewing the objectives versus the previously agreed terms of reference. Malcolm thinks that the terms of reference are relatively broad and longer-term in nature, whereas the strategic objectives for 2018 identify what we intend to concentrate on during this year, and does not believe that there are obvious disconnects
- It was agreed to include reference to relevant IAA committees in SO2

The objectives have since been circulated to AAE Board members, who have suggested some further refinements, e.g. adding reference to risk function holders in SO3.1 (in addition to chief risk officers), refining the wording in SO2.1 to emphasise collaboration, and deleting the previous SO1.4 (about establishing a pension sub-committee) because it was not considered 'strategic' as such and because we might find in due course that there are alternative ways of fostering the desired collaboration. I think the latter point was also raised during our call.

Finalised objectives are enclosed in an Appendix.

2. Proposed Committee Structure and Proposed Work Plan

The consensus on the call was to establish business category focused sub-committees alongside specific working groups targeting topics that were not particularly practice area specific. Points noted included:

- Christoph wondered if we should subdivide ourselves into e.g. asset related topics, liability related topics and management related topics, i.e. aligning along an axis 'orthogonal' to the usual practice area subdivisions
- Others, e.g. Alexander, noted that the main bodies we are attempting to influence, e.g. EIOPA (vs ESMA vs EBA) and Pensions Europe vs Insurance Europe (and EFAMA), typically subdivided by practice area, and we were therefore likely to be more effective at influencing them if we were organised likewise (or at least presented ourselves to the outside world as being so organised)
- The call consensus appeared to capture both perspectives noted above
- There was a strong need for coordination with other AAE Committees. Ideally, we wanted to identify link individuals who would explicitly liaise with other committees on behalf of the RMC. Suzanna volunteered to be the RMC link person with the Pensions Committee. Christoph and others thought that it would also be important for the Committee Chairs to ensure good coordination
- It was envisaged, if time commitments were suitably managed, that individuals would typically contribute to both a practice area sub-committee and more topic-focused working groups.
- It was hoped that setting up practice area specific sub-committees might assist individuals in gaining support from their member associations for their activities on behalf of the RMC.

The consensus agreed with the proposal in the meeting papers to establish four (largely) practice area sub-committees, namely:

- (1) One focusing on pensions related risk management topics
- (2) One focusing on insurance related risk management topics
- (3) One focusing on risk management topics that were neither specifically pension related nor specifically insurance related (a more “wider fields” and/or “investment” orientated sub-committee)
- (4) One focusing on developing and perhaps eventually forming the nucleus of a forum for actuaries who are risk function holders, chief risk officers or the equivalent

It may be noted that (4) is not a business category committee as such, but having such a grouping is deemed likely to be particularly important longer-term for promoting actuaries in risk management.

Time did not permit us to explore in detail during the call what topic-specific working groups were needed at present. However, the following points were noted:

- Several individuals had articulated in previous one-to-one calls with the Chair that it was very helpful to have clearly articulated deliverables and allocations of responsibilities
- Those previously involved in preparing the paper on the future positioning of the actuary in risk management agreed during the call to review and refresh their document in time for it to be considered further at the next face-to-face meeting of the RMC (in Spring 2018)
- Eddy (and after the meeting Daphné) suggested that it would be good for the RMC to be informed about or to work on some topics that may be being primarily driven by IAA but that may have a noticeable EU angle (Daphné suggested IFRS 17 and ICS).
- The Chair agreed to propose possible allocations of individuals to sub-committees and topic-specific working groups shortly. He also requested that individuals feedback other comments, if they had them, on committee structure and work plan, to assist in this task
- After the meeting, Frank suggested that the committee might offer to coordinate risk management related communication between member associations and EIOPA, i.e. coordinating and directly commenting on and if possible influencing further changes in the requirements of the Solvency II framework (e.g. LTGs).
- After the meeting, Karel indicated that he was keen to ensure that we did not lose momentum or allow initiatives already set up to fade away. He saw at least 5 topics with immediate needs:
 - o Prepare for the role actuaries can play in risk management under IORP II and give member associations arguments to start or continue discussions with the local supervisors who are defining their own approaches at present.
 - o Ensure involvement of actuaries working in RM in insurance starting with CROs (to avoid those members turning away from the AAE and looking for a professional home elsewhere).
 - o Support the creation of standards and notes in the field of RM (e.g. ORSA).
 - o Continue to produce material that underpins the promotion of the actuary in the field of RM and that can be discussed with EIOPA, EU Commission, Insurance Europe, Pensions Europe, ...
 - o Create a common database of resources (e.g. using or akin to the Irish platform)

NEXT STEPS

In the light of the above, I would propose that we have a further telephone call, maybe mid to late February, at which we agree what working groups are needed at the current time, who will join the different working groups (and sub-committees) and what should be their main target

deliverables. The aim would then be for each sub-committee and working group to coordinate its own activities with the aim of providing updates to the full RMC meetings.

I have set out in the attached spreadsheet some suggestions for working groups based on earlier feedback. Some of these working groups seem to align well to a specific sub-committee as above, whilst others seem to have a broader remit. I have started to suggest some volunteers for some of the groups based on who seems to have shown an interest in the topic so far or who originally suggested the topic. However, please consider these possible groups, allocations, timelines and deliverables as merely starting suggestions, e.g. there are many individuals still to be included. Also, a committee chair can be expected to have a bias towards encouraging as much volunteering as possible, but we each need to find an appropriate balance with what is practical for us to deliver.

The AAE is considering holding a European Congress of Actuaries in mid-2019. I would suggest that if a target deliverable is a more substantial note then we write it with the aim of offering to present it (or some summary of it) at such a venue.

During the proposed forthcoming call or at our Spring meeting I suggest that we also start discussing appointing a vice-Chair, as this is something that the AAE Board is keen for each Committee to have. The AAE Board is also keen for Committees to review their terms of reference shortly. This will give us the opportunity to confirm alignment between them and our agreed strategic objectives.

I summarised and briefly discussed our proposed committee structure with the AAE Board on 17 January. Some of Board wondered whether the proposed committee structure might prove cumbersome or unwieldy. I suggest that we do not let this stop us making progress within individual task streams, but we should probably defer reaching final decisions on committee structure until we have had an opportunity to discuss the topic further. Formal subcommittees and task forces / working groups also need to establish terms of reference and follow some other formalities under the current AAE structure, which we can also factor into our further discussions.

I understand that our Spring meeting will be a face-to-face meeting of the whole RMC committee. For the Autumn meeting, there is a desire to build in more interaction between the Pension, Insurance and Risk Management Committees, so the plan is to have an RMC specific meeting as well as some joint meetings between the Risk Management, Pension and Insurance Committees. Also, at present I will only be able to attend on the Friday at the Autumn meetings, leaving a meeting room slot available to the RMC on the Thursday which could be used sequentially by different RMC sub-committees and/or working groups if this would be helpful. I suggest that we discuss such practicalities at our Spring meeting.

Malcolm Kemp
20 January 2018

APPENDIX

AAE RISK MANAGEMENT COMMITTEE

STRATEGIC OBJECTIVES FOR 2018

S01: Enhance relations with European institutions

1. Agree Committee priorities and structure that will lead to enhanced relations with European institutions
2. Develop existing sub-groups' output and establish new sub-groups on topics which offer scope for enhanced relations with these institutions
3. Provide high-level risk management input to selected European-level consultation papers (both EIOPA and non-EIOPA ones)
4. Identify and reach out to relevant risk management orientated institutions in Europe

S02: Promote professionalism

1. Agree responsibilities and collaborative relationships with AAE Insurance and Pension Committees and with relevant IAA Committees, including roles in relation to development of EANs on ORSA and other risk management topics

S03: Promote a European community of actuaries

1. Formulate a plan to establish a functioning forum for European actuarial risk function holders, chief risk officers and equivalents
2. Develop further a paper on future positioning of the actuary in risk management in Europe
3. Contribute risk management themed articles / talks under the AAE banner to suitable European-level publications / conferences