

## MEETING OF THE INSURANCE COMMITTEE

### HELD IN SOFIA, BULGARIA

### ON THURSDAY 11 AND FRIDAY 12 APRIL

## MINUTES

### PART 1: THURSDAY 11 APRIL 2019 – 13:00-17:30

The participants list is attached at the end of these minutes as **Annex 0.1**.

#### 1. OPENING OF THE MEETING AND ADOPTION OF THE AGENDA

The vice-chairperson welcomed the members to Sofia and acknowledged the Committee's thanks to the Bulgarian Association for hosting the meeting. He also passed the chairperson apologies not being able to participate on the meeting.

The agenda was approved. Yet, Siegbert Baldauf mentioned that the point 11 (IAIS GLOBAL ICS INITIATIVE) will be treated during the point 8 of the agenda (Solvency II).

#### 2. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held in Utrecht 20 September 2018 (Annex 2.1) and the notes from the teleconferences held on 26<sup>th</sup> November 2018 (Annex 2.2a) and 4th March 2019 (Annex 2.2b) were confirmed.

#### 3. WEBINARS

The vice-chairperson asked the members of the committee to pay attention on the importance for the AAE objectives to perform webinars and to continue to consider it as an essential tool for our communication. In this way, the vice-chairperson mentioned that a webinar should be organized by the end of the year: the first topic formerly identified could be around Solvency II or IFRS 17. The members of the Insurance committee made the following comments:

- IFRS might be more favorable than Solvency II, considering the timeline of 2020 review
- Climate change was brought out as one new idea to consider
- Duration of the webinar, which could even be only one hour if more feasible
- If there was time and volunteers even more than one webinar could be prepared beforehand and then depending on the speakers and the material it could be decided when to launch each of these.

The vice-chairperson indicated that the planning will continue by the chairperson.

#### 4. PROPOSED PLAN

The vice-chairperson presented the Insurance Committee working plan. Esko Kivisaari encouraged the Insurance Committee to be more pro-active in the wording of their objectives. Thomas Béhar mentioned that consumer protection issues (PRIIPS, IDD, Cost & Past Performance) should be addressed somewhere in the plan.

#### 5. UPDATE ON EUROPEAN AGENDA

The vice-chairperson gave a report on recent developments in the European agenda. A wide range of topics including Solvency II SCR review, Sustainability, IFRS 17 and cyber security. Most of these topics were already addressed in different committees/joint-committees so not that deep going-through was needed. Esko Kivisaari suggested that the EU political agenda might need to be opened more in future (broadly) and that also the banking side developments might be one future topic for the joint committee. On AI developments there's a sub-committee in AAE – their minutes could be used for an update for AI in future.

#### 6. CONSULTATIONS

The vice-chairperson noted that the IC responded to the following consultations:

- EIOPA's Discussion paper on Resolution funding and national IGSs (AAE Press Release attached as Annex 6.1a)
- EIOPA's Request for Feedback on Methodological Considerations regarding Illiquid Liabilities (summary of the AAE response attached as Annex 6.1b)
- EC's Delegated Regulation Financial services – rules on solvency for insurance companies (summary of the AAE response attached as Annex 6.1c)
- EIOPA's CP on Technical Advice on the integration of sustainability risks and factors in the delegated acts under SII and IDD (AAE response attached as Annex 6.1d)
- EIOPA's call for input on the Solvency II reporting and disclosure review 2020 (summary of AAE response attached as Annex 6.1e)

Moreover, the vice-chairperson noted the support provided to the EIOPA, with the support of the NLWG, on cross border business.

#### 7. NON-LIFE ISSUES

Matthias Pillaudin gave an update on the activities of the Working Group which included: risk mitigation techniques survey, Solvency II (USPs, Non-Life topics in the 2020 review), Climate change and Cross Border Insurers.

Considering Climate change, the NLWG chairperson gave an update of on-going work in the IFoA and Institut des Actuaire. In addition, he mentioned that the NLWG strongly supports the AAE initiative on Actuarial Climate Index and will stay at the disposal of the board to contribute as much as possible.

Peter Franken gave an extensive presentation of risk mitigation techniques survey results (Annex 7.1) which was seen as a well-done and comprehensive study. The insurance committee encouraged the NLWG to go forward by identifying what messages the AAE could expose to EIOPA (**Action : NLWG**)

## 8. SOLVENCY II

Siegbert Baldauf presented ongoing issues where the Solvency II Project team (Annexes 8.2a and 8.2b) were involved these past months: mainly Solvency II SCR review, Sustainability, Illiquid liabilities, Reporting and disclosure. His final presentation is attached to these notes as **Annex 8**.

Then, Siegbert estimated that the first consultation paper relating to 2020 review from EIOPA will be release in October 2019. This consultation paper would be the key document to AAE comments.

In the meantime, further work would be necessary, in particular on LTG measures and Risk Margin. Lastly, Siegbert indicated that more expertise, not necessarily actuaries, would be greatly appreciated. His message was that without new, active volunteers it might not be possible to build a good response towards EIOPA on SII 2020 review.

Matthias Pillaudin made a feedback of the presentation made of the Solvency II benchmark in EIOPA's premise. This presentation was well received and some questions has been raised, in particular on contract boundaries and methodologies for valuating options and guarantees. In order to address these questions, the proposal of performing a short survey in the following weeks was approved. (**Action: MP**)

## 9. IFRS 17

Maria gave an update from on the work and plans of the IFRS17 Working Group (Annexes 9a, 9b, 9c and 9d). The work is focused on two subject: IAN 100 consultation and EIOPA paper on Solvency 2 vs Solvency II. IFRS work seems to be running quite well but the lack of especially volunteers from bigger companies might be needed. There was also an idea (without any specific action point) that if AAE should take an active role in the IFRS17 implementation process.

## 10. SUSTAINABLE FINANCE

Esko Kivisaari briefed the Committee on developments in relation to sustainable finance. More volunteers are needed in this area. The new AAE wg on climate change could send their reports to IC (directly or through NLWG) in future, this needs to be further discussed.

## 11. IAIS GLOBAL ICS INITIATIVE

Already commented in point 8.

## 12. JOINT COMMITTEE MEETING

The committee members agreed on the clear improvement of the efficiency of the joint committee and on the necessity to avoid as much as possible repetitions with committees.

## 13. PAN-EUROPEAN PENSION PRODUCTS (PEPP)

Philip Shier gave an update on PEPP to the committee (Annex 13). The prudent person principle was identified as one of the important open issues. No specific action points on this.

## 14. EIOPA INSURANCE & REINSURANCE STAKEHOLDER GROUP (IRSG)

Not covered as the topic was in the joint committee agenda on the previous day.

## **15. BIG DATA**

Not covered.

## **PART 2: FRIDAY 12 APRIL 2019 – 09:00-10:30**

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

Noted but not commented (2018 Q4 is attached as Annex 16.1).

## **17. ACTUARIAL STANDARDS AND EAN on ORSA**

Hillevi Mannonen gave a report on the work of the Actuarial Standards Subcommittee (ASSC) (Annex 17.1a, Workplan included as Annex 17.1b).

The vice-chairperson presented on-going work on the EAN on ORSA (attached to these notes as **Annex 17**).

The EAN on ORSA and ESAP3 was approved with few conditions on some of the wordings, on the need for an executive summary and to finalize it to look as the official AAAE papers. Also Prof C approved it and RMC had no remarks. The idea is to prepare the exposure draft version now and to proceed towards national associations. The finalization will take until end summer, the Vienna meetings might be realistic assumption to get it fully approved.

## **18. COST AND PAST PERFORMANCE**

Volunteers were asked to support this work. EIOPA also had told (in the April IRSG meeting) their high interest for the outcome of this AAE's work.

## **19. CASH FLOWS**

Falco Valkenburg's presentation in the joint committee was noted and this work might need IC's support in near future as the open questions on IORP gets more clear. No specific actions by now.

## **20. EXCHANGE OF NEWS ON CURRENT ISSUES**

Nothing mentioned.

## **21. ANY OTHER BUSINESS**

Nothing mentioned.

## **22. NEXT MEETING**

The Vice-Chairperson welcomed everyone to the next meeting of the Insurance Committee, which will take place in Vienna (Austria) on October at the invitation of the Aktuarvereinigung Österreichs.

## ANNEX 0.1

### Participants Insurance Committee meeting Sofia, Bulgaria | 11-12 April 2019

	First name	Family name	Country	Nominating association	Role
1	Karin	Hirhager	Austria	Aktuarvereinigung Österreichs	Alternate
2	Karel	Goossens	Belgium	IA BE	Alternate
3	Jan	Svab	Czech Republic	Ceská Společnost Aktuáru	Alternate
4	Petr	Bohumsky	Czech Republic	Ceská Společnost Aktuáru	Observer
5	Esko	Kivisaari	Finland	Suomen Aktuaariyhdistys	Observer
6	Lauri	Saraste	Finland	Suomen Aktuaariyhdistys	Vice-Chairperson
7	Thomas	Béhar	France	Institut des Actuaire	Observer
8	Matthias	Pillaudin	France	Institut des Actuaire	Delegate
9	Nadia	Lamari Mfitih	France	Institut des Actuaire	Observer
10	Siegbert	Baldauf	Germany	Deutsche Aktuarvereinigung	Chair SII WG
11	Wilhelm	Schneemeier	Germany	Deutsche Aktuarvereinigung	Observer
12	Michael	Renz	Germany	Deutsche Aktuarvereinigung	Observer
13	Anne	Wegener	Germany	Deutsche Aktuarvereinigung	Observer
14	Gábor	Hanák	Hungary	Magyar Aktuárius Társaság	Observer
15	Istvan	Kerenyi	Hungary	Magyar Aktuárius Társaság	Delegate
16	Gábor	Pásztor	Hungary	Magyar Aktuárius Társaság	Observer
17	Giovanni	Sammartini	Italy	ISOA	Delegate
18	Evaldas	Valeisa	Lithuania	Lietuvos Aktuaru Draugija	Delegate
19	Peter	Franken	Nederland	Koninklijk Actuarieel Genootschap	Delegate
20	Robert	Pusz	Poland	Polskie Stowarzyszenie Aktuariuszy	Delegate
21	Marcin	Zwara	Poland	Polskie Stowarzyszenie Aktuariuszy	Observer
22	Ana	Martins Pereira	Portugal	Instituto dos Actuários Portugueses	Delegate
23	Yvonne	Lynch	Rep. of Ireland	Society of Actuaries in Ireland	Alternate
24	Philip	Shier	Rep. of Ireland	Society of Actuaries in Ireland	Observer
25	Octavian	Cosenco	Romania	Asociatia Romana de Actuarat	Delegate
26	Mária	Kamenárová	Slovak Republic	Slovenská spoločnosť aktuárov	Observer
27	Jozef	Ducky	Slovak Republic	Slovenská spoločnosť aktuárov	Delegate
28	Jana	Holesova	Slovak Republic	Slovenská spoločnosť aktuárov	Observer
29	Lutz	Wilhelmy	Switzerland	Association Suisse des Actuaire	Observer
30	Michael	Bamberger	Switzerland	Association Suisse des Actuaire	Delegate
31	Kartina	Thomson	U.K.	Institute and Faculty of Actuaries	Delegate
32	Malcolm	Kemp	U.K.	Institute and Faculty of Actuaries	Observer