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Report to the General Assembly of the Actuarial Association of Europe

Task Force Roles of the Actuaries

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The Task Force has been launched in November 2014 (see Terms of Reference as published on the AAE web site) and reports into the Professionalism Committee.

During the first years of activity, the TFRoA has concentrated on the role of the actuary in Risk Management. The efforts have led to the transformation of the IFR Committee into the Risk Management Committee as we know it today.

In 2017 members of the Professionalism Committee were asked about their views on the future roles and requirements for actuaries.

Participants see in the short term the roles of actuaries growing in IFRS17, Data Science and the embedding of SII. In the mid and long term AI, robotics and information technology are considered to be a threat for actuaries while risk management will continue to put its marks. At the same time it has been indicated that technical know-how will need to be supported by professional judgement and other skills such as communication, being able to synthesize, business knowledge.

Based on the input of the survey and the suggestions of members, the TFRoA has defined an approach in 4 workstreams with the help of about 15 actuaries :

- Data Science and Artificial Intelligence as emerging fields of activity
- Professional Judgement as a differentiator compared to other experts
- Legal and political recognition) as a basis for the unquestionable position of the actuary

Subjects such as IFRS17 and Risk Management are coordinated in relationship with the Insurance and Risk Management Committees.

This approach has allowed the TFRoA to contribute to the debate in different ways :

- The workstream Data Science is making an overview of the existing initiatives amongst the Member Associations and is preparing the creation of an AAE platform to exchange experience and know how. At the same time it is the intention to publish a position paper on the role of the actuary and how big data can help actuaries and a position paper on how data science and actuarial science interact.
- The workstream Art Intelligence has responded to the consultation of the High-Level Expert Group on Artificial Intelligence concerning a draft “Ethics Guidelines for Thrustworthy AI” from 18 December 2018. The AAE response points out the importance of AI for the actuarial profession and the existing framework that corresponds with the proposed guidelines.

In the mean-time Esko Kivisaari and Lutz Wilhelmy have been nominated for participation in the EIOPA Consultative Expert Group on Digital Ethics in Insurance.

This is the trigger to merge both workstreams so that the support for these two delegates can be organised as efficiently as possible.

- The workstream Professional Judgement has published a highly appreciated paper “Notes on the application of professional judgement by actuaries”. It is now examined how this note can be transformed into a standard and how it can be promoted to stakeholders.
- The implementation of IFRS17 implies sufficient experience with actuarial valuation techniques and therefore the proper organization of the lines of defense and actuaries will play a leading role in the implementation of it. Actuaries should have a more formal (enacted) responsibility and the AAE believes that such a reporting and sign-off would enhance the credibility of the audit opinion and would mitigate some of the concerns raised by European regulators. Discussions with the audit profession and European institutions are going on.
- The workstream legal and political recognition is leading the debate amongst actuaries on the subject. The recognition of the profession and the associations can be considered in two ways being the legal recognition and the ‘de facto’ or political recognition. The European Directive 2005/36/EC on the recognition of professional qualifications and Directive 2013/36/EC amending it create legal recognition in the European Union. About 70% of actuaries in Europe are covered by the recognition of a reserved activity or title. Several papers and presentations have been prepared and pro and cons have been argued.
- The theme of Emerging Roles of Actuaries and Challenges for the Actuarial Profession is hot : it is clearly the preferred subject for actuarial congresses today.

A list of position papers and discussion documents related to the subject and published in the context of the AAE can be found in annex 1.

Annex : List of Documents

1. Survey Roles of Actuaries, Professionalism Committee, August 2017, Professionalism Committee 21 September 2017.
2. Digitisation, challenge and opportunity for all actuaries, Lutz Wilhelmy, The European Actuary, June 2018
3. First AAE CRO Round Table, Karel Goossens and Ad Kok, The European Actuary, March 2019
4. IFRS17 Another Challenge to Insurers, Auditors, and Actuaries, Kristoffer Bork, The European Actuary, March 2019
5. Legal and Political Recognition : Fundamentals for the Profession, Karel Goossens, José Mendinhos, Luis Sáez Jáuregui
 - a. Presidents Meeting AAE, 5 June 2019
 - b. European Congress for Actuaries, 7 June 2019
 - c. Discussion Paper, Professionalism Committee, 11 October 2019
6. Notes on the Application of Professional Judgement by Actuaries, Siegbert Baldauf, Xavier Gomez, Anna Perez Ayuso, Professionalism Committee, 11 October 2019
7. Notes on the Application of Professional Judgement by Actuaries - Summary, Siegbert Baldauf, Xavier Gomez, Anna Perez Ayuso, Professionalism Committee, 11 October 2019
8. Emerging Roles for Actuaries and Challenges for the Actuarial Profession, Karel Goossens
 - a. 100th Anniversary of the Czech Society of Actuaries, 19 September 2019
 - b. Latin American Regional Seminar, 5-6 November 2019