

MEMO to: AAE Standards, Freedoms and Professionalism Committee

FROM: AAE Officers

**Subject : Role of the Actuary**

### Introduction

The Role of the Actuary has been on the agenda of the AAE for many years. Different initiatives have been undertaken and are planned today. The purpose of this document is to discuss the opportunity to create the most appropriate approach for the AAE taking into account recent events that could influence the role.

### Why create a new approach?

Actuaries are acting in different roles requiring different competences and approaches, actuaries are and will be asked to pick up more and more roles and responsibilities and we as a profession need to be prepared. The Vision of the AAE foresees that it is our objective to be recognised as being the leading quantitative professional business advisers in financial services, risk management and in the financing of social protection, contributing to the well-being of society.

The Mission Statement specifies that the AAE aims to promote a wide ranging role for actuaries as business advisers and influencers as well as technical experts and to promote the role of the actuarial profession in protecting the consumer.

It is one of our strategic objectives to raise the profile and reputation of actuaries as leading professional experts and advisers in insurance, risk management, pensions, social security, demography, asset/liability management, health care financing and other areas of practice in the financial services sector and beyond. This includes the promotion of the recognition of actuaries as providers of high quality actuarial work to the benefit of the public and users of actuarial advice

The Solvency II (SII) framework refers to the Actuarial Function as a key function and, in addition, it refers to the Risk Management Function. This function requires quantitative and qualitative knowledge of the insurance business that can be provided through the person of the actuary. Auditors and supervisors are reaching out for expertise and support.

The IORP directive triggers the debate of the role of the actuary in the domain of pensions.

Actuaries are asked to take up roles in banking, investment, public sector and risk management in general.

### *The AAE and the role of the actuary*

In the recent past different initiatives have been taken by the AAE leading to documents on the relationship with audit, the survey of the role of the actuary in the context of the Actuarial Function under SII, how SII is raising the bar on technical expertise and the role of the actuary in the reporting process under SII.

In June 2013 the IAA has launched two papers focussing on the role of the actuary and the value proposition.

The AAE considers it as its mission to promote the role of the actuaries amongst the European stakeholders and to assure that actuaries can play the roles for which they have acquired the specific competences. Solvency II and Solvency for Pensions require our attention today, but also other roles that can strengthen the well functioning of financial and labour markets in Europe are part of our approach.

### *Why coordinate activities?*

Being one of the priorities of our Association, the officers are taking the initiative to allow for a better coordination of our efforts in the context of the role of the actuary.

It is our intention to assure a consistent approach so that opinions can be aligned and position papers convey messages, which are supported by the member associations.

It is our intention to assure a proactive approach so that we not only react on emerging opportunities but also create awareness about the contribution of our profession to the general interest and to the good governance of financial business.

It is our intention to give orientation to the standard setting process in function of the different roles and responsibilities of the actuary.

It is our intention to assure that there is sufficient exchange of information between the AAE member associations in order to benefit from each others experiences and knowledge. Policy makers and supervisors often ask for referrals to other markets.

It is our intention to be on the alert for developments in other professional organisations and where needed to create contacts.

It is our intention to anticipate on the organisation of the AAE in function of the development of the different roles and the professional context and to make recommendations to the member associations where appropriate.

### *Proposed way forward*

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In order to realise the ambitions set forward above we propose to create a Task Force that includes members of all committees, the Officers group and the Chief Executive.

This TF is asked to define a working program for the coming years that can be included in the action plan of the AAE.

The TF will report to the Officers group. The committees will be asked to include this topic on their agendas.

The TF, supported by the Secretariat, will be in charge of the exchange of information between the AAE member associations on a permanent basis.

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