

AAE Presidents' meeting – Brussels, 27 August 2014

Concluding discussion

Focus was on the role of the actuary and the Actuarial Function under Solvency II, and actuarial standards. Key points which emerged included:

- the initial assumption by many in the actuarial profession that the Solvency II Directive would require the Actuarial Function to be undertaken by a fully-qualified actuary
- the European Parliament and Commission would not grant a monopoly to the actuarial profession; indeed, the actuarial profession has no formally recognised legal status across the EU
- however, the Solvency II Directive is worded to require those undertaking the Actuarial Function to have appropriate skills and to be subject to relevant (educational and other) standards – the “fit and proper” requirement
- will member associations use the AAE’s standards of actuarial practice? If not, what is required?
- EIOPA will not (at present) endorse standards but, once Solvency II comes into effect in January 2016, the AF and reporting by the AF will come under scrutiny from national regulators/supervisors and they may choose to endorse standards
- amongst the larger associations the view was that national regulators/supervisors would expect the AF holder to be a FQA in one of the AAE member associations, subject to its standards and professional code; however this view is not shared in central and eastern Europe
- efforts should be made to persuade national regulators/supervisors to adopt “fit and proper” criteria which correspond to those required by AAE member associations
- supervisors’ hands are tied by the absence of legal status for the actuarial profession
- It is also important to get the message across the management and Boards of undertakings of the need to meet the Directive’s “fit and proper” criteria, and the fact that FQAs of AAE member associations fulfil these requirements
- reference was made to the framework letter setting out the “fit and proper” issue, which was circulated to member associations last year. This has to be a local initiative, but only one or two associations have sent the letter to their national supervisors and major undertakings. In this context, it was noted that supervisors in central and eastern Europe tend to look to EIOPA for advice rather than to the national actuarial associations.

And more country specific:

- Hungary: “Local supervisor uses ISAP’s when reviewing insurance companies”
- Romania: “Potential endorsement of standards by local supervisor. Necessary to convince regulator and Board members of companies of the available actuarial quality”
- Denmark: “The local supervisor will never demand that an actuary is a member of the Danish Association; perhaps better to put the emphasis on the ‘fit and proper’ requirements”
- France: “France will only translate the Directive and not add anything. As the ‘fit & proper’ requirement is very important for undertakings the French Association has sent letters to companies informing them that this requirement can be fulfilled by using FQA’s”.