



GROUPE CONSULTATIF ACTUARIEL EUROPEEN

EUROPEAN ACTUARIAL CONSULTATIVE GROUP

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MINUTES

of a meeting of the

STANDARDS, FREEDOMS AND PROFESSIONALISM COMMITTEE

held in Rome, Italy

on Thursday, 18 October 2012

PRESENT:

Committee:

Malcolm Campbell (Chairman)

Jiří Fialka

Peter Melchior

Esko Kivisaari

Thomas Béhar

Gábor Hanák

Yvonne Lynch

Nino Savelli

Inga Helmane

Ad Kok

Piotr Szlenk

Maria Kamenarova

Félix Arias Bergadà

Carola Fornelid

Lutz Wilhelmy

David Martin

Michael Lucas

Svenska Aktuari föreningen

Ceská Společnost Aktuárů

Den Danske Aktuarforening

Suomen Aktuaariyhdistys

Institut des Actuares

Magyar Aktuárius Társaság

Society of Actuaries in Ireland

Istituto Italiano degli Attuari

Latvijas Aaktuāru Asociācija

Het Actuarieel Genootschap

Polskie Stowarzyszenie Aktuariuszy

Slovenská spoločnosť aktuárov

Col.legi d'Actuaris de Catalunya

Svenska Aktuari föreningen

Association Suisse des Actuares

Institute and Faculty of Actuaries

Secretary-General, Groupe Consultatif

Members of the Groupe Consultatif and other Committees:

Karel Goossens

Institut des Actuares en Belgique / Instituut van
Actuarissen en Belgie

Mike Poulding

Channel Islands Actuarial Society

Kati Hoop

Eesti Aktuaaride Liit

Norbert Heinen

Deutsche Aktuarvereinigung

Michael Renz

Deutsche Aktuarvereinigung

Thierry Poincelin

Institut des Actuares

Evaldas Valeisa

Lietuvos Aktuarijų Draugija

Marco Pirra	Consiglio Nazionale degli Attuari
Jean-Paul Shipley	Malta Actuarial Society
Eric Falk	Den Norske Aktuarforening
Florin Ginghina	Asociația Română de Actuarial
Rafael Moreno Ruiz	Instituto de Actuarios Españoles
Alberto Ferrando	Col·legi d'Actuaris de Catalunya
Chris Daykin	Institute and Faculty of Actuaries
Nick Dumbreck	Institute and Faculty of Actuaries
Peter Stirling	Institute and Faculty of Actuaries

Apologies for absence:

Peter Prieler	Aktuarvereinigung Österreichs
Detelin Koitchev	Bulgarian Actuarial Society
Mirjana Cesarec	Hrvatsko Aktuarsko Društvo
Dimitris Dimitriou	Cyprus Association of Actuaries
Yannis Chadjivassiloglou	Hellenic Actuarial Society
Bruce Maxwell	Society of Actuaries in Ireland
Steinunn Gudjonsdottir	Felag Islenskra Tryggingast Aerdfræðinga
Matthias Foehr	Association Luxembourgeoise des Actuaire
Maria de Nazaré Barroso	Instituto dos Actuarios Portugueses
Jernej Merhar	Slovensko Aktuarsko društvo
Alois Gisler	Association Suisse des Actuaire
Kerem Özdağ	Actuarial Society of Turkey
Antonina Redka	Society of Actuaries of Ukraine

1. Opening of the meeting and adoption of the agenda

- 1.1 The Chairman welcomed members to Rome, particularly those for whom it was their first meeting. He thanked the Istituto Italiano degli Attuari and the Consiglio Nazionale degli Attuari for hosting the meeting. The Chairman noted with sadness the recent deaths of Jorge Garcia, Alf Guldberg, Fulco Lock, Petr Mandl and Bjarni Thordarson – all of whom had contributed significantly to the work of the Committee in the past.
- 1.2 The agenda, as circulated, was adopted and a copy is attached to these minutes as **Annex I**.

2. Minutes of previous meeting

The Minutes of the meeting of 22 March 2012, held in Utrecht, were confirmed.

3. Actuarial Standards

- 3.1 Chris Daykin briefly summarised the work of the Standards Project Team (SPT) and the drafting team to prepare a draft Exposure Draft (ED) for a model standard on Actuarial Reporting under Solvency II (GCASP2), and he paid tribute to the hard work of both groups. He pointed out that the ED had been developed on assumptions about EIOPA's Level 2 regulations and Level 3 guidelines which were not yet finalised. Despite this, and the delay in

the Solvency II timetable/Omnibus 2, Chris considered it still worth publishing the ED in order to raise awareness. He believed that the current momentum should be maintained, and noted that the delay would allow time for good exposure and consultation, and revisions for a second ED, taking account of comments received on the first.

During extensive and wide-ranging discussion of the draft GCASP2 proposals, a number of issues and concerns were highlighted:

- it is necessary to tidy up the use of bold for defined expressions and perhaps avoid using bold elsewhere in the text;
- the standard should make mention of including an Executive Summary in the Actuarial Function Report;
- the amount of content required was not compatible with a succinct report to the AMSB - it is likely in practice that several separate documents would be required to cover different aspects. Chris pointed out that the level of detail was driven by draft Level 2 requirements;
- it is necessary to clarify the legislative basis for different parts of the standard (in the Directive and/or regulations for Levels 2 and 3);
- the draft should be more principles-based;
- some sections of the draft contain much more detailed requirements than in others;
- possible conflict of multiple standards (e.g. IAA, national); it was noted that the Actuarial Report should indicate how any such conflict has been resolved; Chris also pointed out that GCASP2 is a model standard, and it would be for member associations to ensure coherence with local standards;
- the relationship with the Appointed Actuary should be clarified: Chris pointed out that this is not possible since the Directive does not refer to the AA – it would be up to affected associations to modify GCASP2 as necessary to meet local requirements.

Thirteen associations represented will adopt, adapt or amend their own standards. Others do not know or have not considered the issue yet. Of the 13, only one would amend existing standards. It was observed that some local regulators may have their own standard reporting requirements.

The general consensus of the Committee was that the ED should be published for consultation, subject to a number of minor drafting and formatting amendments to reflect the issues identified above. It was recognised that it may be necessary to have a second Exposure Draft. It was agreed that the ED should be circulated at the beginning of November, for a four-month consultation period, to member associations and to external stakeholders, including at least the following:

- European Commission (DG Internal Market)
- EIOPA
- Insurance Europe
- AMICE
- EFRAG
- CRO Forum

- CFO Forum
- IAIS
- IAA (Standards Committee)
- Standard-Setters Round Table
- UK Financial Reporting Council

Thereafter the responses would be analysed and a revised version of the GCASP2 prepared – together with a paper commenting on the reasons for accepting or not accepting comments received - for the Committee's next meeting in Edinburgh on 11 April.

3.2 In relation to GCASP1 (Quality of actuarial work), Chris explained that this had been deferred until completion by the IAA of ISAP1. It was noted that ISAP1 will be presented for approval by Council at the forthcoming IAA meetings in November. Chris pointed out that it will then be for the SPT and the Committee to consider whether to recommend that the Groupe adopt, or adapt, ISAP1.

3.3 Chris summarised the background to the two-stage review of the Code of Conduct. The first, undertaken by the SPT to provide some reformatting in order to make the Code more accessible and gender-neutral, was now presented to the Committee for consideration. The second, a wider, long-term, review of the Code of Conduct had been delayed as a result of Bruce Maxwell's ill-health: the Chairman will discuss with his successor the question of replacing Bruce – volunteers were invited.

Chris explained that the SPT review proposed simply re-formatting the Code under five principles of professionalism, and would not require member associations to amend their own Codes of Conduct.

During discussion of the proposals, some minor drafting points were identified:

- the definition of the term "actuary" could be clearer;
- in "Purpose" insert "and" after "public interest";
- some references to "his" remain and should be made gender neutral;
- replace "Open Communication" by "Effective Communication";
- the last phrase of 1.2 was not in the original code and should be deleted.

Subject to these amendments, and any further amendments which should be submitted to Chris as soon as possible, it was agreed to recommend the revised Code for approval by the General Assembly by electronic vote following the meeting on 19 October

4. Professionalism issues

4.1 *UK Actuarial Council*

The Committee received and noted a report from Seamus Creedon on the work of the UK Actuarial Council.

4.2 ***Mutual Recognition Agreement – Actuarial Society of South Africa (ASSA)***

The Chairman's report on discussions with ASSA on the possibility of establishing a Mutual Recognition Agreement was noted. It is expected that firm proposals will be submitted to the next meeting of the Committee in April 2013.

5. **Role of the Actuary / Actuarial Function**

Karel Goossens reminded the Committee that a draft position paper on the Role of the Actuary, which had been prepared by a small task force of the Insurance Committee, was considered at the previous meeting when a number of amendments had been suggested. The current version now before the Committee reflected these suggestions: Karel also noted that some further minor wording and formatting changes by David Hare had been overlooked but would be included in the final version. The Committee approved the paper, which will now be published in the Groupe style adopted for the "*Why use an actuary?*" brochure. Karel expressed thanks to David Hare for leading this work, and he encouraged member associations to adapt/translate the paper for their national requirements.

Ad Kok, one of the co-authors of the paper, suggested that its theme should be further developed in specific areas (e.g., models, reporting) to illustrate what an actuary is capable of, and to establish a framework for giving assurance on the actuary's role in sign-off on the SFCR. The role of the actuary in relation to the risk management function should also be addressed. It was agreed that Ad's draft paper would be circulated to the Committee, and to the Insurance Committee, for discussion at the next meeting in April.

6. **Global ERM qualification**

The Chairman reported that UK, Netherlands, Germany, France and Switzerland were now award signatories and could award the CERA designation. In addition an application from Sweden is about to be considered.

7. **Groupe Strategy issues**

The Chairman of the Groupe, Gábor Hanák, presented the consultation paper on strategy which had been circulated to member associations. He explained that the latest version of the paper included comments from several member associations in response to an earlier draft. Gábor pointed out that the strategy proposals represented a statement of the Groupe's vision and objectives for both internal and external stakeholders which, once approved by the General Assembly, would form the basis of a business plan. Each Committee was invited to review the objectives which were proposed for them, to prioritise what they want to achieve, and to assess what resources would be required to do so.

There was general agreement within the Committee for the objectives proposed for it, and the Chairman believed that no additional resources were required.

8. Groupe Consultatif and IAA – issues of mutual interest

The 60-day agenda for the forthcoming IAA meetings in November was noted. Issues of particular interest included:

- ISAP1 – the Chairman indicated that approval required a 80% majority, which he expected to be achieved; as indicated in item 3 above, this topic will have significant implications for the Groupe;
- publication of an Exposure Draft for an IASP on Social Security;
- at this stage an Exposure Draft on ERM is premature – an international actuarial note on this topic is expected instead;
- Memorandum of Understanding on links with international bodies;
- 5-year business plan – an implicit fee increase is likely to be controversial;
- Committee members were asked to encourage their associations to nominate European representatives for key positions.

9. Report by Groupe Officers to General Assembly

The Committee noted the Officers' report to the General Assembly.

10. Activities in the Committees of the Groupe

The Committee noted the reports to be presented to the Annual Meeting of the Groupe by its Committees. (This reflects the Committee's remit to " ... keep under review ... the general operations ... of the Committees").

11. Meeting with Internal Market DG

The Committee noted the report of the meeting between the Officers of the Groupe and staff of Internal Market DG Insurance Unit, held on 11 June 2012. (Note arrangements for the next meeting have now been confirmed for 23 November).

12. Meeting with EIOPA

The Committee noted the report of the meeting between the Officers of the Groupe and the Chairman and staff of EIOPA, held on 18 June 2012. (Note arrangements for the next meeting have now been confirmed for 10 December).

13. Future Annual Meetings and Spring Meetings

13.1 Annual Meetings

Future Annual Meetings were confirmed as follows –

- 2012 – Rome, Italy – 19 October 2012
- 2013 – Dublin, Ireland – 27 September 2013

Offers to host future Annual Meetings from 2014 onwards were invited.

13.2 ***Spring Meetings***

Future Spring Meetings were confirmed as follows –

Pensions, IFR and Education Committees

2013 – Vienna, Austria – 22 March 2012

Standards, Freedoms & Professionalism / Insurance Committees

2013 – Edinburgh, UK – 11/12 April 2013

Offers to host future Spring Meetings from 2014 onwards were invited.

14. **Information Exchange**

The Chairman drew attention to information from Ireland and Catalunya (attached to these minutes as **Annex II**). In addition Nino Savelli described changes in the regulatory/supervisory management structure in Italy, and Gábor Hanák reported on changes to the local Code of Conduct in Hungary following a specific bankruptcy case.

15. **Other business**

Vote of thanks to Chairman

David Martin led a warm vote of thanks to Malcolm Campbell who was standing down as Chairman of the Committee after completing two 3-year periods in office.

16. **Date of next meeting**

It was noted that the next meeting of the Committee will be held in Edinburgh on 11 April 2013 at the invitation of the Institute and Faculty of Actuaries, (with a meeting of the Insurance Committee on 12 April).