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REPORT by the Officers to the GENERAL ASSEMBLY Rome, 19 October 2012

The Officers have met, either face-to-face or by conference call, on a monthly basis throughout the year to steer the strategic direction of the Groupe. The Chairman has provided a quarterly report to member associations on issues of current concern. The report below summarises the key issues as they stood at the end of September 2012, several of which appear as substantive items on the agenda of the General Assembly and/or the Groupe's committees. The Chairman will provide an oral report and update at the meeting of the General Assembly on 19 October. Major endeavours by the Groupe in relation to Solvency II and the review of the IORP Directive will be discussed at the respective committees during the Rome meetings.

1. Strategy review

Following a number of meetings and discussions, the Officers and the strategy task force prepared a discussion paper setting out draft proposals for the development of the Groupe's strategy, including a vision for the actuarial profession in Europe, a mission statement for the Groupe, strategic objectives, and a set of actions and priorities. This paper was circulated to member associations at the beginning of September with a request for comments on the proposals by 5 October. The draft strategy proposals will be reviewed in the light of the comments received, and a revised paper will be circulated with the agenda for the General Assembly for discussion in Rome.

2. Public Affairs

The appointment of Pia Skaerbak last October as Deputy Chief Executive (Public Affairs) has enabled us to initiate and follow up a number of public affairs initiatives to a degree which hitherto would not have been possible. These have included, in particular:

- establishing contact with a much wider range of other stakeholders (including other units/Directorates in the Commission than the Insurance and Pensions Unit, MEPs or their advisers, CRO Forum, EFRAG, EFRP, FEE, FERMA)
- facilitating meetings with a number of these stakeholders to promote the Groupe's work in relation to
 - age, gender and disability underwriting issues
 - sustainability of pensions
 - role of the actuary
- a greater awareness of other issues in the European Commission and Parliament where there may be an actuarial interest and/or a role for the Groupe

Pia has also sought to develop closer links with member associations, and is contributing to the development of a wider public affairs and communication programme which will form a cornerstone of the Groupe's proposals for future strategic development. Further details of the Public Affairs activities during the year are given in the attached annex by Pia.

3. Publications

During the year, the Groupe published the following:

- a position paper on the importance of age and disability as rating factors which was circulated to a wider audience (MEPs, Commission, EIOPA, other stakeholders and media): follow-up discussions with MEPs, Commission officials and other stakeholders have taken place. The general impression is that the Directive has stalled for the moment; however there remains concern that age and disability may not be excluded as rating factors when the draft Directive on discrimination is prepared. It is possible that there will be further work for the Groupe in the medium to longer term in relation to this issue..
- a brochure entitled "*Why use an Actuary?*", which was prepared following discussions within the Standards, Freedoms and Professionalism Committee and the Standards Project Team of a possible Groupe standard on quality of actuarial work. The brochure was distributed at the European Congress of Actuaries in June, and at meetings with other stakeholders. The text of the brochure was sent to member associations, who have been encouraged to translate and adapt it for local requirements, and to distribute it to national supervisors, industry and other relevant stakeholders.
- a position paper entitled "*Sustainability of pension systems in Europe – the demographic challenge*". this is the subject of discussions with other stakeholders in the European Commission and Parliament and industry, and will be the basis for further work by the recently-established Social Security sub-committee.

4. Actuarial standards

A draft Exposure Draft of GCASP2 (Actuarial Reporting under Solvency II) has been circulated to the Standards, Freedoms and Professionalism Committee (SFPC) for discussion. This paper is also included elsewhere on the agenda for the General Assembly, for information only at this stage pending the comments of SFPC.

5. Code of Conduct

A minor reformatting of the Code of Conduct has also been drafted to create some headings and reorganise the paragraphs under the headings, and introduce overarching principles underneath each heading. This draft has also been circulated to the Standards, Freedoms and Professionalism Committee for discussion, and is included elsewhere on the agenda for the General Assembly, for information only at this stage pending the comments of SFPC.

6. Role of the Actuary

The position paper on the Role of the Actuary under Solvency II has been further developed and will be discussed at the Rome meetings.

7. Market Consistency

This topic has been the subject of considerable discussion by the technical committees, in particular the Insurance Committee which held a focus debate in order to try and find consensus. When such consensus was not possible, the Officers stepped in to propose a way forward. This process and the

outcome are described in the report of the Insurance Committee.

8. Sovereign risk

This topic has also been the subject of considerable discussion by the technical committees, in particular the Life Working Group of the Solvency II project but limited progress has been achieved. In order to gain better understanding of the actual risks the Groupe requested summary data from both EIOPA and the industry: unfortunately this request to share valuable information was declined by both. Consequently progress has been significantly delayed.

9. Consumer protection

The Officers have established a small task force, comprising representatives from each of the Groupe's committees, to advise on consumer protection issues and, in particular, whether there may be a role for the Groupe Consultatif in relation to consumer protection. Both the European Commission and EIOPA have strong interests in this area and have encouraged us to explore what role actuaries might have. In the first instance, the task force has undertaken a brief survey of current attitudes towards consumer protection within member associations and, based on the responses to this survey, have drafted a short position paper - which is attached as an annex to this report. Comments on this draft from members of the General Assembly are invited.

10. Applications for Membership of the Groupe

Three applications for membership of the Groupe have been received during the year. Of these, two (Malta Actuarial Society and Serbian Actuarial Association) are for Observer Membership; the third (Romanian Actuarial Association) is for Full Membership. The Membership Advisory Group (MAG), which was established last year to advise the Officers on applications for Groupe membership, has considered these applications. The report of the MAG, which is endorsed by the Officers, appears as a substantive item later in the agenda of the General Assembly.

11. European Congress of Actuaries (ECA 2012)

The Officers maintained close oversight of the arrangements for ECA 2012, the very first European Congress of Actuaries, and actively contributed to the Congress. A summary of the event, which seems to have been a considerable success, is included with the report of the Education Committee.

12. Finances

The Honorary Treasurer's financial report, including the accounts for 2011, the anticipated outturn for the current year, the budget for 2013 and forecasts up to 2017 have been reviewed and endorsed by the Officers. The budget for 2013 and future forecasts include a provisional allowance for developments which may be required as a consequence of implementation of a new strategic plan.

13. European Commission

The Officers held their regular six-monthly high level meetings with the Head and staff of the Insurance and Pensions Unit of DG Internal Market in December and June. These meetings, details of which appear in the agendas of the individual committees, addressed technical issues relating mainly to Solvency II and the review of the IORP Directive. The next meeting with the Commission will take place on 20 November.

14. EIOPA

The Officers met the Chairman and Chief Executive of EIOPA in December and June. The topics covered were the same technical issues as those discussed during the meeting with the European Commission outlined above. A full note of the June meeting appears with the agendas for the

individual committees. Both sides agreed that these high-level discussions are valuable, in addition to the more frequent technical dialogue at project working group level. The next high-level meeting will take place on 10 December.