



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 Prague, Czech Republic
on Thursday, 20 October 2011

PRESENT:

Committee:

Malcolm Campbell (Chairman)

Peter Prieler

Philippe De Longueville

Jiří Fialka

Esko Kivisaari

Thomas Béhar

Gábor Hanák

Yvonne Lynch

Nino Savelli

Rokas Gylys

Ad Kok

Kari Mörk

Piotr Szlenk

Maria Kamenarova

Félix Arias

Carola Fornelid

Fulco Lock

David Martin

Michael Lucas

Svenska Aktuari föreningen

Aktuarvereinigung Österreichs

Institut des Actuaire en Belgique / Instituut van
Actuarissen en België

Česká Společnost Aktuárů

Suomen Aktuaariyhdistys

Institut des Actuaire

Magyar Aktuárius Társaság

Society of Actuaries in Ireland

Istituto Italiano degli Attuari

Lietuvos Aktuarijų Draugija

Het Actuarieel Genootschap

Den Norske Aktuarforening

Polskie Stowarzyszenie Aktuariuszy

Slovenská spoločnosť aktuárov

Col·legi d'Actuaris de Catalunya

Svenska Aktuari föreningen

Association Suisse des Actuaire

Institute and Faculty of Actuaries

Secretary-General, Groupe Consultatif

Members of the Groupe Consultatif and other Committees:

Karel Goossens

Institut des Actuaire en Belgique / Instituut van
Actuarissen en België

Mike Poulding

Channel Islands Actuarial Society

Norbert Heinen

Deutsche Aktuarvereinigung

Michael Renz

Deutsche Aktuarvereinigung

Dieter Köhnlein	Deutsche Aktuarvereinigung
Jukka Rantala	Suomen Aktuaariyhdistys
Leena Väänänen	Suomen Aktuaariyhdistys
Jean Berthon	Institut des Actuaire
Bruce Maxwell	Society of Actuaries in Ireland
Tor Eivind Høyland	Den Norske Aktuarforening
Lukasz Delong	Polskie Stowarzyszenie Aktuariuszy
Fanel Plopeanu	Asociația Română de Actuarial
Mateja Slapar	Slovensko Aktuarsko društvo
Alberto Ferrando	Col·legi d'Actuaris de Catalunya
Chris Daykin	Institute and Faculty of Actuaries
Nick Dumbreck	Institute and Faculty of Actuaries
Kathryn Morgan	Institute and Faculty of Actuaries
Manfred Helbig	Honorary Member
Desmond Smith	International Actuarial Association
Tom Terry	US Society of Actuaries
Pia Skaerbak	Groupe Secretariat
Alison Shoesmith	Groupe Secretariat

Apologies for absence:

Detelin Koitchev	Bulgarian Actuarial Society
Mirjana Cesarec	Hrvatsko Aktuarsko Društvo
Christos Patsalides	Cyprus Association of Actuaries
Peter Melchior	Den Danske Aktuarforening
Tarmo Koll	Eesti Aktuaaride Liit
Panos Zampelis	Hellenic Actuarial Society
Bjarni Thordarson	Felag Íslenskra Tryggingast Aerdfræðinga
Vincenzo Urciuoli	Consiglio Nazionale degli Attuari
Inga Helmane	Latvijas Aaktuāru Asociācija
Matthias Foehr	Association Luxembourgeoise des Actuaire
Maria de Nazaré Barroso	Instituto dos Actuarios Portugueses
Julián Oliver	Instituto de Actuarios Españoles
Ayşe Sezik Türkölmez	Actuarial Society of Turkey
Iryna Yaremchuk	Society of Actuaries of Ukraine

1. Opening of the meeting and adoption of the agenda

- 1.1 The Chairman welcomed members to Prague, particularly those for whom it was their first meeting, including the Groupe's new public affairs director, Pia Skaerbak. He also thanked Česká Společnost Aktuárů for hosting the meeting and KPMG for providing the meeting facilities.
- 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 31 March 2011, held in Cologne, were confirmed.

3. Actuarial Standards

Chris Daykin, as chairman of the Standards Project Team (SPT), summarised the 2-year gestation of the SPT's proposals which were now before the Committee for discussion. This groundwork had been undertaken without committing the Groupe to developing standards but rather as a response to the reference to "professional standards" in Article 48 of the Solvency II Directive. Chris noted that EIOPA is now drafting technical guidelines which will become a requirement, and pointed out that the Groupe would not wish to duplicate or conflict with these. In addition, the IAA is developing a model standard (ISAP1, on general actuarial requirements). Chris indicated that the Groupe should be looking to identify gaps between EIOPA and the IAA, to meet specific European circumstances, where the SPT believes there is a niche, and to enhance the profession in Europe. Chris emphasised that any standards developed by the Groupe would be model standards, for member associations to adopt or adapt to meet their own requirements, and would not be imposed by the Groupe on individual actuaries.

Concern was expressed on behalf of the Institute and Faculty of Actuaries by David Martin and Nick Dumbreck as to whether we can be sure that there will be a gap to fill between IAA and EIOPA, and that there could be a profusion of duplicated or overlapping standard: this is a particular issue for UK actuaries working in another jurisdiction. On the other hand, Ad Kok argued that it was important to demonstrate consistency within the European actuarial profession. Chris noted that, in the UK, BAS standards were aimed more at clients, while proposals being considered by the Groupe and the IAA were aimed more at practitioners. He also emphasised that the European expedient of Solvency 2 required that the Groupe should not leave matters entirely to the IAA.

In relation to the proposals on purpose/criteria, Chris pointed out that the IAA and the Standard Setters Round Table were developing a similar paper, and he acknowledged the importance that there should be close liaison here.

In response to a number of comments, Chris accepted that the proposed due process was very long, but he pointed out that timings were illustrative, and intended to allow for proper consultation with member associations. He suggested that the process could be faster when Statutes were amended to allow formal decisions to be taken electronically.

Discussion on GCASP1 that it was important to capture high ethical standards and establish a hallmark of quality, and to encourage the choice of the actuarial profession as the most appropriate to undertake the Actuarial Function. This would be of particular potential benefit to smaller associations. At the same time, however, it was pointed out that there were many similarities with codes of conduct, and it would be difficult to ensure implementation/compliance as a standard. It was suggested that the SPT explore development of certain

aspects in another form – e.g. guidance note, or recommended practice. Additionally, some aspects of GCASP1 might more appropriately appear in the IAA's IASP1 – and it was suggested that the Groupe should be trying to influence the IAA in this respect.

There was general support for the GCASP2 proposals. Kathryn Morgan observed that EIOPA would develop some guidelines on underwriting policy and reinsurance adequacy. She also noted that EIOPA guidelines would apply across all practice areas.

Referring to the work-plan, Chris drew attention to the volume of work which this would involve, particularly when account is taken of potential areas for further standards development in relation to ORSA/Reporting and risk management. He pointed out that the SPT did not have the capacity to undertake all the work by itself – it may play a steering committee role in the future in relation to drafting standards - and indicated that additional volunteers would be required to take this forward. He encouraged member associations to nominate individuals, in particular those with some experience in drafting standards. Esko Kivisaari confirmed that his Solvency II Pillar 5 group would be willing to assist in relation to ORSA.

In the light of the reservations expressed by the Institute and Faculty of Actuaries (and supported by the Slovakian association), it was agreed that the proposals regarding purpose/criteria, due process and work-plan should be submitted to the General Assembly, but with a slower timetable. The timescale for preparing an exposure draft of the proposed standard on quality of actuarial work would be extended by six months, from the Committee's Spring meeting in March 2012 until the Autumn meeting in October 2012. This would allow additional time to liaise with the IAA, to consider potential overlap with the code of conduct and to take account of the development of EIOPA guidelines

4. Professionalism issues

4.1 *UK Board for Actuarial Standards*

The Committee received and noted a report from Seamus Creedon on the work of the UK Board for Actuarial Standards (BAS).

4.2 *Membership assessment and accreditation procedures*

Gábor Hanák presented a paper setting out the case for introducing a formal procedure for reviewing regularly whether Full Member associations continue to meet the Groupe's membership criteria. The paper also suggested possible principles for conducting such a review, for reviewing compliance with the Mutual Recognition Agreement, and for dealing with cases of non-compliance. Gábor pointed out that the Education Committee is also looking at this issue, in particular in relation to education programmes. He drew attention to the main features of the proposed review:

- a 'light' annual review/self-assessment based on data routinely submitted to the Secretariat
- a more rigorous 5-yearly review of six or seven associations per year

- similar to the established IAA procedure, and we should seek to coordinate with IAA to avoid duplication (completion of Groupe assessment should be sufficient to pass the IAA equivalent)

In discussion of the proposals, a number of comments were made:

- David Martin, as a member of the IAA's Accreditation Committee, was concerned over the issue of principles-based vs rules-based codes of conduct; he hoped that liaison could be achieved with the IAA to avoid duplication of work for associations
- Thomas Béhar expressed concern about workload and language issues (everything to be translated into English), and questioned whether this should be a priority at the moment
- Bruce Maxwell suggested that annual assessment might be operated for a couple of years before the first full assessment, and then one specimen full assessment should be trialled before general introduction.

It was agreed that the Membership Advisory Group should develop their proposals further, in consultation with the Officers, for discussion at the Committee's next meeting.

5. European Commission consultation on Professional Qualifications Directive

It was noted that the Chairman of the Groupe, the chairmen of the Standards, Freedoms and Professionalism Committee and the Education Committee and the Groupe Secretary had met staff of the European Commission (Unit D4 – Professional Qualifications) on 12 July to follow up our interest in the review of the Professional Qualifications Directive, on which a Green Paper was published in July. The Commission gave an assurance that the proposals would not need to disturb the Groupe's existing Mutual Recognition Arrangement, which is working satisfactorily, particularly as in most countries actuaries are not a 'regulated profession' in the sense understood in the Directive. It was noted that there are exceptions where the actuarial profession may be considered to be regulated – for example Italy, Spain and (possibly) UK. The Chairman suggested that associations might be asked to confirm (perhaps via the annual fee information collected by the Secretariat) whether the profession is regulated in their country.

6. Global ERM qualification

The Chairman reported that the Institute and Faculty of Actuaries in UK was now an award signatory and could award the CERA designation. In addition Netherlands had contingent approval (subject to verification of exam process), and applications from Germany and France were under review. Sweden is preparing an application, and Switzerland is considering doing so.

7. Changes to Statutes

The Committee noted the following proposals, which had received three months exposure with member associations and which would be considered by the General Assembly:

- changes to the Statutes required as a consequence of registration as a Swiss Verein

- further proposals for changes to the Statutes, including the change in name of the Committee

8. **Groupe Strategy issues – Officers’ Report**

The Chairman of the Groupe, Chris Daykin, reviewed a very busy year for the Groupe. He pointed out that there had been a significant increase in the level of activity within the Committees, project teams and various working groups, and he paid tribute to the commitment and hard work of all those involved. Chris drew particular attention to progress in relation to public affairs, and the appointment of Pia Skaerbak to facilitate this initiative.

Chris highlighted the Groupe’s key strategic objectives –

- raise professionalism across Europe
- raise profile of actuaries
- position Groupe for a more proactive role

and he referred to

- Officers’ ‘brainstorming’ to prepare key messages for different audiences/ stakeholders
- establishing links with key MEPs
- meetings with industry stakeholders
- the need to support the in-house PA appointment to follow up initiatives
- establishment of Swiss Verein and centre of operations in Brussels
- technical support appointment for Solvency II project
- important issues for the Officers and the Committees in 2012 including:
 - prepare for implementation of Solvency II
 - review of IORPs Directive
 - work in relation to gender/age/disability discrimination
 - more active involvement in DC pensions
 - establish social security sub-committee
 - arrangements for the European Congress of Actuaries (ECA 2012) in Brussels on 7/8 June 2012
 - expand contacts in Commission DGs other than DG Internal Market

9. **Groupe Consultatif and IAA – issues of mutual interest**

Thomas Béhar gave a brief presentation (attached to these minutes as **Annex II**) summarising the main issues of mutual interest at the recent IAA meetings in Zagreb. Esko Kivisaari also referred to the following topics:

- publication of an educational monograph on discounting
- Pension and Employee Benefits Committee discussion on solvency for pensions
- IAS 19

10. **Report by Groupe Officers to General Assembly**

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

11. 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").

12. Meeting with Internal Market DG

The Committee noted the report of the meeting between the Officers of the Groupe and the Solvency II project manager, and staff of Internal Market DG Insurance Unit, held on 14 June 2011. (Note arrangements for the next meeting have now been confirmed for 15 December).

13. 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 19 May 2011. It is hoped to have a further meeting before Christmas.

14. Future Annual Meetings and Spring Meetings

14.1 Annual Meetings

Future Annual Meetings were confirmed as follows –

- 2011 – Prague, Czech Republic – 21 October 2011
- 2012 – Rome, Italy – 19 October 2012 (*not 20 October as shown in the agenda*)

Offers to host future Annual Meetings from 2013 onwards were invited.

14.2 Spring Meetings

Future Spring Meetings were confirmed as follows –

Standards, Freedoms & Professionalism / Insurance Committees

2012 – Utrecht, Netherlands – 22/23 March 2012

Pensions, IFR and Education Committees

2012 – Ljubljana, Slovenia – 20 April 2012

Offers to host future Spring Meetings from 2012 onwards were invited.

15. Information Exchange

The Chairman drew attention to information from Switzerland, Ireland and Catalunya (attached to these minutes as **Annex III**).

16. Other business

16.1 US Society of Actuaries

Tom Terry, Vice-President of the US Society of Actuaries, gave a brief overview of the recent work in the SoA of interest to the Groupe. Tom described three key areas:

- a shift in the Society's research focus toward public policy issues, in particular modelling of US private pensions systems, and the impact of the global financial crisis;

- investment in promoting the actuarial profession, and media coverage;
- an initiative by the incoming President of SoA to promote the consolidation of the profession in the USA

In response to a question from Thomas Béhar, Tom indicated that SoA would be willing to consider the question of mutual recognition of European actuaries.

16.2 ***Principles of Professionalism***

The Chairman referred to a paper on the Principles of Professionalism by the IAA's Professionalism Committee. David Martin drew parallels with the draft GCASP1 model standard. The Chairman suggested that the Committee should consider this paper in more detail at its next meeting, in particular whether we agree with its direction, and if it might be used in promoting the branding of the actuarial profession. The Officers will also consider the paper.

17. **Date of next meeting**

It was noted that the next meeting of the Committee will be held in Utrecht on 22 March 2012 at the invitation of Het Actuariel Genootschap, (with a meeting of the Insurance Committee on 23 March).