Development of the Actuarial Roles under Solvency II

August 2015

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Agenda

- Task Force Roles of Actuaries
- Roles of Actuaries under SII
- One question survey 17 July 2017
- Survey on SII and the Role of the Actuary in Insurance Companies
- Action plan
- TFRoA and standard setting

Task Force Roles of Actuaries

- Launched in Helsinki in October 2014
- Representatives of all committees (Karel Goossens, BE, chairperson; Gabor Hanák, HU; Mária Karnenárová, SK; Kartina Thomson, UK; Richard Herrmann, DE; Patrick MacKenna, IR; Régis de Laroullière, FR; Tony Hewitt, UK; Ad Kok, CE)
- Terms of Reference
  - Co-ordinate efforts in the context of roles of actuaries in insurance, pensions, health care, banking and any other domains where actuaries are active
  - Assure consistent approach when position of actuary is promoted
  - Assure proactive approach … create awareness about the contribution of the actuarial profession
  - Give input to standard setting process
  - Assure sufficient exchange of information
  - Follow up on developments in external stakeholders
  - Assess the impact on the organization and references of AAE implied by different roles
  - Take into account the work of the IAA in this area
  - The TF reports to Officers and makes recommendations to SPFC

Task Force Roles of Actuaries

- 4 workstreams
  - Actuarial Function and other actuarial roles under Solvency II
  - Roles for actuaries in the Actuarial and Risk Management Function under IORP2
  - Roles for actuaries under risk management and/or the risk management function in insurance
  - Independence of actuaries under the various roles

- Each workstream has a work plan

Roles of Actuaries under SII

actuarial association of europe

Overview of contributions since October 2014

1. Memorandum to EIOPA of 17/12/2014 : Implementation Solvency II Role of Actuaries
   - Four roles for actuaries are emerging : AFH, Continuing AA, External Expert, Reviewing role SII
   - Less harmonisation than anticipated under SII
   - Unnecessary duplication of work and increase of cost
2. Position paper March 2015: On the independent review of Solvency II reports
   - All publicly disclosed information and the bases of such information, including underlying methodologies, assumptions and expert judgements applied, and the implications of this information for the potential future development of solvency and capital position of the undertaking, should be independently reviewed and assessed.

Roles of Actuaries under SII

Overview of contributions since October 2014

3. Mini Survey Roles under SII, March 2015
   - 5 on 16 countries reported SII has been implemented in legislation (deadline 31 March 2015)
   - 9 of 16 countries expect AA role
   - 4 countries envisage External Actuarial Expert role, but with different scope
   - 11 of 16 countries allow combination of RMF and AF for smaller undertakings
   - 8 countries report that transitional measures and volatility adjustment will be implemented
   - Contract boundaries, qualification of RMF, taks, data collection, with profit funds, IORP2 similarity are mentioned as issues

Roles of Actuaries under SII

Overview of contributions since October 2014

4. Memorandum to EIOPA 30/6/2015 : The Risk Management Function and the Actuarial Profession

- Expectation is that more than 70% of RMFH are actuaries
- The AAE and its members are preparing qualified actuaries for taking up this role (IFR Committee, CERA, ESAP's)
- AAE is ready to support EIOPA to optimize the implementation of the RM role under SII

AAE one-question survey 17 July 2015

- Intermediary report is part of the documents of the Presidents' Meeting

Responses received from:	Not yet received from:
Cyprus	Austria
Denmark	Belgium
Estonia	Bulgaria
Finland	Channel Islands
France	Croatia
Germany	Czech Republic
Hungary	Greece
Iceland	Latvia
Ireland	Lithuania
Italy	Luxembourg
Malta (observer member)	The Netherlands
Norway	Poland
Slovakia	Portugal
Spain - Instituto	Romania
Switzerland	Slovenia
United Kingdom	Spain – Col.legi
	Sweden

Next step

Survey on SII and the Role of the Actuary in Insurance Companies – August 2015

- Update the Report of June 2011 (see website)
- Update mini-survey March 2015
- Investigate the role of actuaries in Risk Management of SII
- Interest of Nathalie Berger, Head of Unit D4 Insurance and Pensions

Outline of the Survey

A. Administrative information
B. Insurance market and actuarial resources
C. Market information on SII
D. Role of Actuary under SII
   1. Actuarial Function
   2. Appointed Actuary
   3. External Actuarial Expert
   4. External Audit
   5. Risk Management
E. Qualifications of the Actuaries under SII

Timeline

- 27 August 2015 : launch of survey Presidents' Meeting
- End August 2015 : submission of survey to member associations via Standards, Freedoms and Professionalism Committee and Insurance Committee
- 15 September 2015 : collection of answers by TFRoA
- 24 – 25 September 2015 : presentation of preliminary results – SFPC and IC
- October 2015 : preparation of final report
- November 2015 : approval of report by Officers
- November 2015 : internal and external publication of report
- December 2015 : agenda meeting EIOPA and Commission

Next step - standards

ESAPs under development and consideration

- ESAP2: Actuarial Function Report under Directive 2009/138/EC

  It is expected that the standard will be adopted by the end of September by the General Assembly in Bucharest

- ESAP3: Actuarial practice in relation to the ORSA process under Solvency II

  It is expected that the Exposure Draft will be issued in October

  Plus a related EAN

- Independent review by actuaries under Solvency II
- The role of the AF in contributing to the risk management system under Solvency II
- Actuarial practice in relation to internal models under Solvency II

Thanks for collaboration !!!!!!