DAV

DEUTSCHE
AKTUARVEREINIGUNG e.V.

Actuarial Association of Europe
Spring Meetings 2014 in Vilnius / Brussels

News from member associations

Deutsche Aktuarvereinigung (DAV), Germany

Annual Meeting 2014 in Bonn

The Annual Meeting of DAV and its scientifically orientated partner organisation DGVFM will take place between 28 and 30 April 2014, at the World Conference Centre Bonn, the former German government quarter including the Parliament Plenary Chamber. The event will start on Monday with the meetings of the German Sections PENSION, HEALTH and AFIR/ERM. The General Assembly of DAV on Tuesday morning will be opened with a plenary discussion on the respective merits of private and public old age provisions, before the LIFE and ASTIN Sections meet in the afternoon. The Annual Meeting is concluded with the 13th Scientific Day of DGVFM on Wednesday which aims at linking applied research with the actuarial practice in the insurance and finance industry. Renowned English-speaking guest lecturers will contribute to this scientific conference so that it will be also very attractive for an international audience. DAV and DGVFM await around 1,300 guests and members to the conference in Bonn.

Solvency II

After European Parliament, Council and Commission have come to an agreement on the Omnibus II directive last November Solvency II will come into force on 1 January 2016. DAV will continue to support the implementation of the new risk-based regulatory framework for the European insurance industry, and has recently set up a Coordination Group on Solvency II. The group will screen and comment especially on the implementing technical standards and guidelines which will be published by the Commission and EIOPA during the next months.

Solvency II will also be the main focus of a press workshop of DAV taking place during the Annual Meeting.

Interest rates in life insurance

In January DAV has issued its yearly recommendation on the maximum interest rate in life insurance: Against the backdrop of un-modified low interest rates in the Euro area, the DAV is proposing for 2015 to reduce the maximum interest rate for life insurance policies with guaranteed interest from 1.75% to 1.25%. A binding decision based on this recommendation will be taken by the German Ministry of Finance and the German Supervisory Authority BaFin within the next weeks.

Furthermore, DAV is discussing measures to strengthen the stability of life insurance. Due to low interest rates insurance undertakings have built up high hidden reserves in which policyholders when terminating a contract participate with 50%. DAV therefore advocates an amendment of German Insurance Supervisory Law VAG.

Topic of the Year 2014

In 2011 DAV and DGVFM, its scientifically orientated partner organisation, launched the initiative "Topic of the Year" committing themselves to a special focus in their various activities in the field of research and transfer to practice as well as in the field of promoting young actuaries.

For 2014 the “Topic of the Year” is: “Models, Concepts, and Algorithms of Dynamic Financial Analysis”.

DAV Website www.aktuar.de

DAV has launched its new website on 1 April 2014 with a new design, a new structure and new range of functions. After approval by the DAV General Assembly to implement a new CPD system starting on January 1, 2014 the website now offers an individual password protected online-administration of CPD activities for all members.

Note

IFoA UPDATE – STANDARD SETTING AND REGULATORY MATTERS

GENERAL

The IFoA is responsible for the regulation, in the public interest of all of its members, worldwide. It is subject to independent oversight, in the exercise of its regulatory functions in relation to the UK, by the Financial Reporting Council (FRC). The FRC is additionally responsible for the setting of Technical Actuarial Standards in the UK.

The IFoA's regulatory policy agenda is the responsibility of its Regulation Board, which includes two lay members, in addition to a lay Chair. The Regulation Board has published the IFoA's Regulatory Strategy, which is available at:
http://www.actuaries.org.uk/research-and-resources/documents/professional-regulation-executive-committee-2012-regulatory-strat-2

CURRENT REGULATORY ACTIVITY

STANDARDS

ACTUARIAL PROFESSIONAL STANDARD X1 (APS X1) (APPLYING STANDARDS INTERNATIONALLY)

We are about to consult on a new standard which is intended to set out a framework of principles to assist members in determining the standards which they should appropriately apply, wherever they are practising. APS X1 proposes that all members will require to meet the standards set out in ISAP 1. This proposed threshold requirement could be met either by applying ISAP 1 directly, or by applying an appropriate combination of other standards which, considered collectively, are substantially consistent with ISAP 1. In the UK, this requirement might be met by applying a combination of UK ethical and technical standards. Additionally, APS X 1 recognises that members may require to apply other standards, as set by other national regulators or associations, to the extent that these are relevant to the work they are undertaking and the location in which that work is being undertaken.

It is envisaged that APS X1 will, once finalised, go some way towards addressing the possible standards gap arising from the fact that IFoA members undertaking work outside the UK are not subject to UK technical standards. The aim is to address the potential gap through the application of an appropriate framework of principles, while allowing members to exercise judgement, according to their circumstances and to avoid unnecessary regulatory duplication. We expect shortly to consult upon these proposals, which will include some supporting guidance.

APS X2 (QUALITY ASSURANCE AND PEER REVIEW)

We have just consulted on a new standard and guidance which, once approved, would require consideration to be given to the appropriateness of applying peer review to actuarial work and, where appropriate, to apply it. The consultation material can be found here:
http://www.actuaries.org.uk/research-and-resources/documents/actuarial-quality-and-peer-rev

iew-consultation-document

APS X3 (EXPERT WITNESSES)

We have recently consulted upon a new standard and guidance in relation to actuaries performing the role of expert witness or expert advisor in a variety of different contexts. The consultation package is available here:
http://www.actuaries.org.uk/research-and-resources/documents/actuary-expert-consultation-paper

The outcome of the consultation, which is now closed, is currently being considered.

PROFESSIONAL SKILLS

We have published a range of case-study based video material, focusing on the topic of Conflicts of Interest. A further suite of new material is being developed and expected to be published on the IFoA website later this year; this time with a core theme of open communication, speaking up and whistleblowing. More information about this material can be obtained from Fiona Goddard (fiona.goddard@actuaries.org.uk).

QUALITY ASSURANCE SCHEME FOR ORGANISATIONS

We expect to pilot in 2014 a new Quality Assurance Scheme targeted at employers of actuaries. Under the scheme, which will be voluntary, organisations will have the opportunity to submit to an accreditation and monitoring regime in relation to their quality assurance systems and procedures, focusing on the following;-

1. Conflicts of Interest;
2. Engagement and communication with users;
3. Development and training of members;
4. Whistleblowing;
5. Handling of complaints and disputes

Accredited firms will receive a range of feedback and will be entitled to publicise their Quality Assurance qualification for marketing purposes. Further information on the proposals, as consulted upon in 2013, may be found here:
http://www.actuaries.org.uk/research-and-resources/documents/quality-assurance-scheme-organisations-consultation-package

JOINT FORUM FOR ACTUARIAL REGULATION

We are engaging in an initiative with our oversight body, the FRC, along with the UK sectorial regulators, the Financial Conduct Authority, the Pensions Regulator and the Prudential Regulation Authority, with a view to achieving a greater level of coordination regarding actuarial regulation. The key plank of this initiative, which follows from a review of the UK actuarial regulatory framework instigated by the FRC in 2012/13, is a cross-practice risk mapping exercise drawing on the regulatory work of each of the participant bodies.

Ben Kemp

24 March 2014