The Roles of Actuaries

Survey Roles under SII
Preliminary Results

Karel Goossens

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Why Survey ?

- Update Mini Survey : information for MA
- Update Position Paper 2011 : information stakeholders
- Position Roles of Actuaries under SII

Actuarial Function	Appointed Actuary	External Expert	External Audit	Risk Man.

- Assess Resources and Qualification
- Assess relationship with stakeholders

Participating MA

- Austria
- Belgium
- Bulgaria
- Czech Republic
- Estonia
- Finland
- Germany
- Greece
- Hungary
- Italy
- Ireland
- Norway
- Poland
- Portugal
- Slovakia
- Spain
- Sweden
- Turkey
- UK

19 RESPONSES - THANK YOU !!!!!!
PLEASE RESPOND BY 15 OCTOBER !!!!

Market information

- Insurance Companies in Sample

Life	466
Non Life	1.713
Composite	186
Total	2.370

It would be useful to have more precise data on the members …

- Actuaries/Members in Sample (-A-SK-D-PL-BG)

Life	10.806	Non Life	6.126
Employees	16.036	Consultants	896
Total	16.932		
UK	10.880		

Market information

	Life Co	Life Actuaries	Act/Co
UK	49	6.592	135
Rest	603	4.302	7

There are enough insurance actuaries – non life stays a bottle neck

	NL Co	NL Actuaries	Act/CO
UK	423	4.288	10
Rest	1.482	1.838	1+

Rest = Total – UK – A - SK – D – PL - BG

Status SII

- 10 on 17 countries have introduced SII in local legislation
- 15 on 19 are ready for reporting (not necessarily the same)
- 16 on 19 will apply volatility adjustment
- 6 on 19 will apply matching adjustment
- 9 on 19 will allow transitional measures
- Companies not under SII scope will apply
  SI (7), SII (2), SII light (3), other rules or N/A(7)

Europe is not ready yet !
MA is rare
Uniformity on TM does not exist

Actuarial Function

- Almost all AFH are QA
  - Majority in UK
  - Average 84% in those countries with BE answer (15)
- The support needed
  - Information and promotion for insurance companies with focus on fit & proper
  - Seek support with supervisor
  - Compulsory Practicing Certificate in UK
  - Voluntary Practicing Certificate in IRL
- Only a fraction is outsourced
  - 0% - 25% (exception 35%) with an average of ± 10%
  - In one country it is not allowed
  - There is no sharing of outsourcing capacity today but it is not excluded

AFH is often QA

Practicing Certificat

10% is outsourced – to early for sharing

Actuarial Function

- The AF reports to
  - Board of Directors in 13 on 18
  - Management Board 17 on 18
  - CEO 7 on 18
  - CRO 10 on 18
  - CFO 11 on 18
  - Other 2 on 18

AF reports to Board

Appointed Actuary

- An appointed actuary role is maintained in 10 on 18
  - 10 for Life activities
  - 8 for Non Life activities

AA continues in 56% of markets

- The appointed actuary is always an actuary (qualified)

External Expert

- 4 on 19 is considering an external expert role

EE in 20% :
awareness ?

- If there is a role, it is applied for Life and Non Life

External Audit

- Actuaries are in support of external audit in 16 on 18
  - Audit firms employ actuaries in all cases
  - In 8 on 18 it can also be external actuaries

Opportunity for contact with audit profession

- In only 2 countries there is a concertation on the roles with the audit profession

Risk Management

Majority of CRO is actuary (role of the profession!)

- When the respondent has made a BE
  - 70% of CRO's are actuaries (weighted average)
  - UK "less than 100%" and Germany not included
- Others have expertise in economics, finance, law, business, bank CRO
- A rough estimate shows that about 25% of insurance actuaries are involved in risk management mainly in underwriting and financial RM
- It is allowed to combine the AF and RMF
  - As a person 16 on 18 ; As a unit 15 on 18
  - Based on proportionality
- A qualified actuary complies in 16 on 18
- There is a local RM association in 6 on 18

Reference of RM in banks)

Qualification of actuaries

- The qualification of actuary is required by law in 3 countries
- The actuarial association is playing informally or formally a role in acceptance in 8 on 18
- The supervisor is endorsing in 14 on 18
- UK : Senior Insurance Manager Regime
- 6 members associations have introduced actuarial standards for the role of the actuary
- There are regulatory standards in 4 countries

Introduction of standards: what is happening with ESAP 2 ?

Next steps

- Complete survey : 100 % response
- Position paper (comparison since 2011, extend focus to other roles than AF only)
- Presentation EIOPA – Commission in December