

AAE Board Report to MAs January 2020

1) INTRODUCTION

In this newsletter the Board of the AAE wants to inform you about developments during the fourth quarter of 2019.

2) AAE BOARD

The AAE Board met three times in the fourth quarter of 2019: two physical meetings on 9 October in conjunction with the AAE Annual Meeting in Vienna and on 4 December to discuss strategic issues in Brussels. A conference call was held on 30 October.

Decisions

The Board decided to accept the proposal for Spain IAE to host ECA2021. It was also agreed to start in due time a new application process for the hosting of ECA2023.

Birgit Kaiser was re-appointed vice-chair for another year in the Professionalism Committee. Lauri Saraste was re-appointed vice-chair for another year in the Insurance Committee. Gábor Borza was re-appointed vice-chair for another year in the Pensions Committee. Frank Schiller was re-appointed vice-chair for another year in the Risk Management Committee. Rafael Moreno Ruiz was only recently appointed as vice-chair of the Education Committee; his re-appointment was confirmed and he will serve another term as vice-chair.

AAE Risk Register: This will be a recurring item on the Board agendas with the objective to finalise discussions on the Risk Register in the Bratislava meeting in 2020.

Development of European Actuaries Climate Index: The Board is supportive of the project. Now it has been confirmed that the statistical data for Europe is available and it is fair to assume we could set up a European Actuarial Climate Index from a technical point of view, the Board has decided that a smaller group of the board would look at the business case of the project and discuss how to take it further.

It was agreed to cease the liaisons positions in the Board for Committees. Instead, the Board members should focus on the liaison with Member Associations.

The contract between Actuvision and AAE was signed in Brussels on 4 December.

The Board decided to organise the following webinars:

- December 5, 2019 –on “Update on Risk Management Topics’ - organised by the Risk Management Committee

- February 11, 2020 on Solvency II, Big data and AI: chances and challenges for actuaries in the context of professional judgement. - organised by the Professionalism Committee
- Q1 2020 (date tbc; topic: IORP Stress Test 2019) – organised by the Pensions Committee

Blogs written by board members or Committee chairs are now a regular feature on the AAE website. In the fourth quarter, the following blogs were published:

- [The European Actuary by](#) Gunn Albertsen
- [Fit for the future](#) by Henning Wergen
- [The new AAE Core Syllabus](#) (video blog) by Henning Wergen

General

AAE appointed a new Chairperson, Falco Valkenburg. [Extracts from his Maiden speech](#) in Vienna can be found on the AAE website.

AAE appointed a new Chief Executive, Cecilia Thorn. The [press release with the announcement](#) can be found on the AAE website.

Meetings with European Stakeholders

An overview of meetings with stakeholders in 2019 fourth quarter can be found on the AAE website under 'Members Only/Meetings with Stakeholders' or using this [link](#). Please note that a login will be required.

Press releases, Consultations and other publications

Consultations

The AAE regularly responds to consultations that are of actuarial interest. Following these responses AAE publishes a summary of the response and a link to the full responses and the consultation.

- On 22 October 2019 the AAE commented on [EIOPA's Consultation paper on Proposals for Solvency II 2020 Review – Harmonisation of National Insurance Guarantee Schemes](#)
- On 22 October 2019 the AAE commented on [EIOPA's discussion Paper on Methodological Principles of Insurance Stress Testing](#)
- On 23 October 2019 the AAE commented on [EIOPA's Consultation Paper on proposals for Solvency II 2020 Review – Package of Supervisory Reporting and Public Disclosure](#)

Publications and Press Releases

- On 18 December 2019 the AAE issued a [press release](#) with respect to the publication of the commentary paper '[A Review of the Design of the Solvency II Risk Margin](#)'

All press releases are available [on the website under AAE News](#).

All publications are available [on the website under Publications](#).

3) AAE COMMITTEES

Professionalism Committee (ProfC)

Actuarial Standards Sub-Committee:

- **Survey monitoring the implementation of model standards:** The survey was reopened, ProfC delegates of FMAs which have not responded have been contacted individually. The results (no major updates) were presented in Vienna.
- **ESAP 1:** ESAP1 and its revised Glossary were approved by the General Assembly.
- **EAN Due Process:** the EAN Due Process was approved by the General Assembly.
- **EAN on IORP II:** The respective Committee is working on the EAN amendments based on the feedback received in Vienna and it is expected that the EAN will be submitted for approval to the ProfC in Bratislava.
- **EAN on ESAP 3:** The respective Committee is working on the EAN amendments based on the feedback received in Vienna and it is expected that the EAN will be submitted for approval to the ProfC in Bratislava.

Voting Categories:

The proposed amendments to the Statutes were approved by the General Assembly.

Future of Actuaries:

- **Recognition of the Profession:** The work stream is meeting in Brussels in Q1 2020.
- **Professional Judgement:**
- The one-pager marketing document and the master document are being worked on currently following the review of the Board. A webinar on Professional Judgement is scheduled for February 2020.
- The work stream is working on transforming the master document into an EAN.

MRA:

The amended MRA and Heubeck letter were presented in Vienna and it was decided to pull the submission to the General Assembly due to updated information provided by a Member Association. Currently, the Litigation Risk Task Force is working on the feedback and it is expected that a solution will be formulated for Bratislava.

CPD Task Force:

The CPD Task Force is led by the Education Committee with the support of Members of the Professionalism Committee. The final document is almost final and will be presented in Bratislava.

Insurance Committee (IC)

1. Meetings

- Insurance Committee meeting took place in Vienna on 10 October.
- A meeting took place between AAE and EIOPA (17 December). Siegbert Baldauf attended on behalf of the Solvency II Working Group.

2. Solvency II

- Monthly conference calls continue to take place for this group. A full day meeting took place in Brussels on 7 November.
- AAE responses were submitted to the following EIOPA consultation papers:
 - Consultation paper on Reporting and Disclosure
 - Paper on Proposals for Solvency II 2020 Review Harmonisation of National Insurance Guarantee Schemes
 - Discussion Paper on Methodological principles of insurance stress testing
- One page summaries were prepared for each of these which were published on the AAE website.
- EIOPA's Consultation Paper on the Opinion on the 2020 review of Solvency II was published on 15 October with a response date of 15 January. AAE response is at final draft stage and has been circulated to the Insurance Committee for comments in advance of circulating to the Board for approval.

3. Non-Life issues

The Working Group continues to support Solvency II 2020 review work. Work is currently underway relating to contract boundaries and premium volume measures.

The Chair is now Declan Lavelle, succeeding Matthias Pillaudin.

4. IFRS17

Following the provision of feedback to EFRAG on its draft comment letter on the IASB'S ED/2019/4 amendments to IFRS 17 in September, the IFRS17 Working Group is now planning to prepare in Q1 a position paper on the role of the Actuary in IFRS17 accounts preparation.

5. Follow up on EIOPA issues raised with AAE – costs and past performance of participation products

AAE supported EIOPA's 2019 report on Costs and Past Performance by providing a qualitative report on profit participation business in Europe. This report was based on responses received from Member Associations to the survey issued earlier in the year, to which 6 responses were received (from Austria, Czech Republic, Finland, France, Germany, Hungary).

EIOPA is looking for quantitative input on this subject in 2019, to be addressed by Insurance Committee and Consumer Protection WG.

6. ORSA EAN

A final draft of the EAN on ESAP3 has been submitted to the Insurance Committee for approval. Changes made relative to the previous version reflected comments from member associations in France, Hungary, Netherlands and UK.

Following approval by the Insurance Committee, the document will be sent to the Professionalism Committee for approval and then to the Board (target for Board approval February 2020 Board meeting).

7. Consumer Protection Working Group

Transfer of this WG, which is chaired by Valery Jost, from the Professionalism Committee to the Insurance Committee, was agreed in Vienna.

In the quarter, the WG's work focused on:

- Support for the work on Costs and Past Performance / profit participation products
- Preparation of response to EIOPA's consultation on the PRIIPS KID, which is due with EIOPA on 13 January. Board approval will be required before submission.

8. Low interest rates

A new Working Group, chaired by Matthias Pillaudin, is being established. Comments on the draft terms of reference are expected from the Board. A call is scheduled for 7 January (MP, Lauri, TO'R) to begin the work of this WG with a view to moving forward promptly.

9. Other

Tony O'Riordan presented at EIOPA's Annual Conference in November as part of a panel considering Solvency II review.

Education Committee (EC)

Organisational matters

The current vice-chair, Rafael Moreno Ruiz (Spain), was re-elected in October 2019 by the committee.

Meetings of the Education Committee

A face-to-face meeting of the AAE Education Committee with representatives from 17 member associations and several observers took place on 10 October 2019 in Vienna in conjunction with the AAE Annual Meeting.

AAE Core Syllabus

The AAE Core Syllabus has been finalised in the meeting of the Education Committee on 10 October 2019 and then been passed unanimously by the AAE General Assembly on 11 October 2019. Members associations are now asked to implement the new syllabus until end of 2022.

The AAE Education Committee will now work together with associations to support the implementation of the syllabus and support where necessary.

A Task Force of the committee is working on procedures on how the future audit process will take place. A first version of the procedures has been discussed at the last meeting in Vienna and will be finalised in 2020.

CPD Strategy

Together with the Professionalism Committee a joint Task Force on CPD has been established to review AAE's CPD strategy.

The Task Force presented the first draft report in a joint meeting of both committees as well as in the AAE General Assembly. The Task Force continued to work on the final draft which is planned to be presented at the next regular meetings in spring in Bratislava.

AAE Prize for the creative use of actuarial skills

The Education Committee discussed the possibility of establishing a prize for (young) academics and practitioners for the creative use of actuarial skills outside of traditional applications. The aim is to support actuaries how use their toolkit to solve problems outside the traditional scope and by that enhance the recognition of actuaries in general.

The idea was broadly supported and will now be further discussed.

Risk Management Committee (RMC)

In December 2019, the RMC hosted a webinar which included sessions on actuaries and operational risk management, the Solvency II Risk Margin and EIOPA's Macroprudential Framework. Several members of the RMC had taken a lead on the preparation of the AAE's Commentary Paper on 'A Review of the Design of the Solvency II Risk Margin', which was also finalised in December. The RMC continued to assist other AAE technical committees and Working Groups, especially the Solvency II Working Group and hence the Insurance Committee in their preparation of a response to EIOPA's Consultation Paper on the Solvency II 2020 Review.

Topics discussed at the RMC's face-to-face meeting in October included:

- CRO Round Table, which may going forward include a greater virtual element
- Activities of the Solvency II Working Group, including the Solvency II 2020 Review and the Risk Margin paper referred to above. as well as field testing of redesigned QRTs
- The paper prepared by several RMC members on Actuaries and Operational Risk, which had been finalised after the previous RMC face-to-face meeting
- Risk management aspects for IORPs, which the RMC is expecting to discuss further at its next face-to-face meeting
- Sustainability and Environmental, Social and Governance issues
- European Safe Assets and how the RMC might further contribute to this debate
- Calibration and Validation of Economic Scenario Generators
- Conduct and Reputational Risk

Pensions Committee (PC)

The Pensions Committee (PC) met in Vienna on 10 October 2019.

The PC is working on the following topics:

- PEPP Consultation, issued on 29 November 2019, with a deadline of 2 March 2020
- TF Intergenerational Fairness – Terms of Reference defined in order to deliver first draft in 2020 Annual meeting
- IORPs Stress Test – To draft a response and to organise a webinar on this topic in Q1 2020
- The results of the survey sent to the associations regarding the note about the Actuarial Function for IORPs II concluded that an European Actuarial Note (EAN) format was preferred. This is now expected to be approved during 2020.
- Activities of the Social Security Subcommittee:
 - TF Mortality - paper about the literature review and planning to do a comparison between Europop15 and Europop18
 - TF Methodology and Projections - asked by Eurostat to contribute towards the update of the Eurostat's technical manual. This should be ready by April 2020.
 - TF Adequacy - to participate in the TF Intergenerational Fairness
 - Our future role as actuaries; what we wish to achieve in the short and in the longer term

4) MISCELLANEOUS

- We advise you to regularly check our **website** under 'Members Only' for the latest news.
- All other (detailed) information of AAE committee meetings can be found at our website (**www.actuary.eu**) under 'Members Only' or through this **link**.
- For additional information please contact Cecilia Thorn, Chief Executive at **ceciliathorn@actuary.eu**

ANNEX 1

An overview of contacts with external parties, stakeholders and member associations - 2019 Q4

Date	Stakeholder	Venue	Stakeholder delegate(s)	AAE delegation
4-Oct-19	IAA Webinar	n.a.		Maria Economou, Maitane Mancebo
21-Oct-19	Social Security Forum IAA-ILO-ISSA	Geneva		Maria Economou
19-Nov-19	EIOPA Annual Conference	Frankfurt		Tony O'Riordan (speaker), Cecilia Thorn
27-Nov-19	European Commission DG CLIMA	Brussels	Caroline Lambert	Falco Valkenburg, Esko Kivisaari, Cecilia Thorn
29-Nov-19	European Supervisory Authorities (ESAs) EIOPA, ESMA and EBA Public Hearing on PRIIPs KID	Frankfurt		Katja Krol
5-Dec-19	Accountancy Europe	Brussels	Hilde Blomme	Falco Valkenburg, Esko Kivisaari, Maria Kamenárová, Wilhelm Schneemeier, Cecilia Thorn
5-Dec-19	European Parliament ECON Committee	Brussels	Dr. Alfred Sant	Wilhelm Schneemeier, Falco Valkenburg, Cecilia Thorn
5-Dec-19	Policy advisor to MEP José Gusmão, European Parliament ECON Committee	Brussels	Vicente Ferreira	Wilhelm Schneemeier, Falco Valkenburg, Cecilia Thorn
5-Dec-19	Policy advisor to Luisa Porritt, ECON Committee	Brussels	David Breyer	Wilhelm Schneemeier, Falco Valkenburg, Cecilia Thorn, Maria Kamenarova, Esko Kivisaari
5-Dec-19	EFAMA	Brussels	Bernard Delbecque, Senior director, Economics and Research - Vincent Ingham, Aleksandra Paulinska	Wilhelm Schneemeier, Falco Valkenburg, Maria Kamenarova, Esko Kivisaari
6-Dec-19	EIOPA Public Event on SII 2020 Review	Frankfurt		Siegbert Baldauf, Daphné De Leval
17-Dec-19	EIOPA	Frankfurt	Gabriel Bernardino	Esko Kivisaari, Falco Valkenburg, Wilhelm Schneemeier, Lutz Wilhelmy, Siegbert Baldauf