

ACTUARIAL ASSOCIATION OF EUROPE
INSURANCE COMMITTEE MEETING
13 JANUARY 2020

Participants:

Tony O’Riordan – chair
Lauri Saraste – vice-chair
Kristoffer Bork – chair IFRS17 WG
Siegbert Baldauf – chair SII WG
Loes de Boer
Conor O ‘Byrne
Valéry Jost – chair Consumer Protection WG
Reinhold Kainhofer
Daphné De Leval
Mária Kamenárová
Declan Lavelle – chair NLWG
Ana Martins Perreira
Giovanni Sammartini
Ksenija Sanjkovic
Miroslav Simurda
Mats Sollie
Kartina Tahir Thomson
Evaldas Valeisa

Agenda

1. IFRS17

Kristoffer discussed a proposal for the IFRS17 Working Group to prepare a paper on a formal role for the actuary in IFRS17. In discussion with European Commission, AAE has previously expressed an opinion that actuaries have formal role in SII in setting provisions, but there is currently no such role with IFRS17. Actuaries could have a more formal role. This has also been mentioned to EIOPA. It may be that an actuary should formally be appointed to sign off on the valuation? Auditors should also make use of actuaries. The WG will formulate suggestions as to how it can be formalised, to be presented at Bratislava.

A number of comments were made

- This is new accounting standard and we should keep in mind that different countries have legislation that actuary should sign accounting reserves. We also need to be aware of the technical requirement for actuarial qualification. Under Solvency II, there is technically no requirement for an actuary to have a licence on SII.
- Standards differ from country to country

- Actuarial role in Solvency II is second line. Consider whether formal role should be first or second line (or both).
- Need to consider whether there would be an expectation that the same actuary as is responsible under Solvency II would be expected to hold IFRS17 roles.
- What standards would apply?
- What would be signed off?
- Would actuary also have responsibility in areas such as data and process?
- Would the roles vest in one person or a function?
- We should offer cooperation with accountants

2. Solvency II.

Responses to the EIOPA 2020 review were being verified with review underway in advance of submission on 15 January. Key issues include extrapolation, shift of LLP, risk margin (addressed by AAE paper on the subject). Holistic impact assessment scheduled for March – likely to be difficult for companies given timing and timescales. Assess impact of proposals in EIOPA's opinion. Should continue to take opportunities to make AAE points on this subject.

3. Progress on EAN

Now finalising following input from IC and Actuarial Standards Subcommittee, and comments from some member associations (MAs). Next step to take to the Professionalism Committee, Board in Feb.

4. Low interest rates working group

Matthias Pillaudin to chair. Terms of reference available. First step will be to prepare survey for distribution to MAs with outcome to be considered in Bratislava.

5. Costs and past performance

AAE submitted report on qualitative aspects of profit participation products for its 2019/2020 report on costs and past performance. EIOPA is looking for quantitative inputs for next year's report. TO'R to take this forward with Consumer Protection WG. The meeting noted that differences in treatment across countries will be a challenge to achieve reliable inputs.

6. Sustainable finance

Discussion on this subject confirmed that approval of EU taxonomy is underway, and significant reporting requirements will apply, particularly for larger companies. This is an issue which has growing momentum and we must as actuaries consider how we can input to such an important topic.

7. Non-life issues

Declan Lavelle is new Chair, replacing Matthias Pillaudin. The meeting thanked Matthias for his work and welcomed Declan to the role.

There were 15 expressions of interest following a recent call for new members and all 15 will be part of the WG. Declan will look to appoint a Deputy Chair. The NLWG will link in with the Low Interest Rates WG.

8. Consumer protection working group

Response to the PRIIPS consultation has been submitted by this WG and was briefly summarised by Valery. Key areas were the comments on proposed scenarios and on the reliance on past performance.

9. PEPP

To be considered in Bratislava

10.AOB

Plan for the IC is outstanding and draft will be available before Bratislava meeting.