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AGREEMENT BETWEEN THE BOARD OF THE AAE AND IFOA

to be ratified by the General Assembly of the AAE

CONTENT OF THE AGREEMENT

1. The Institute and Faculty of Actuaries (IFoA) is committed to stay as a full member with all the rights any other member association would have in their position (being from a non-EU member state)
2. To cap the subscriptions in order to limit the concentration risk of the AAE to 25% of the total number of European actuaries
3. To apply the cap the subscriptions retrospectively as per 1 January 2020
4. No charges will be added due to payment of subscriptions after 1 April 2020
5. To explore possibilities for a new MRA
6. For the avoidance of doubt, changes to the MRA arrangements will not be retrospective in effect. Actuaries already admitted via the current MRA as members of the IFoA or any other member association will be entitled to continue as members of that association on the same terms and basis as currently. The IFoA has also agreed that it will continue to participate in the current MRA arrangements until 31 December 2020, in order to allow opportunity for new arrangements to be agreed and implemented.
7. The AAE will not raise the level of the subscriptions to make up for the reduction of income in the foreseeable future (3 to 5 years), but will seek other ways to reduce costs
8. The IFoA is committed to stay on these terms and will not reopen discussions on the subscriptions for the foreseeable future (3 to 5 years)

STATEMENT OF THE IFOA ON THE MRA

"The IFoA is committed to the principle of the free movement of appropriately qualified and recognised actuaries across the different jurisdictions where AAE full members currently operate. The IFoA will review whether the current arrangements, adapted as appropriate are the most effective way of doing so and will work in good faith to develop alternative (and transitional) approaches to help achieve this outcome, if required".

Signed by AAE



Falco Valkenburg
On behalf of AAE Board

Signed by IFoA

Lutz Wilhelmy
On behalf of AAE Board

Grahame Stott
Chair Management Board IFoA

INTRODUCTION

Based on the mandate the General Assembly has given to the board in their extraordinary meeting of 19 June 2020, the board immediately started formal discussion with the representatives of the IFoA. After three meetings we have reached an agreement that we would want to propose to the General Assembly.

FINANCIAL IMPACT

In monetary terms the agreed cap of 25% of the total number of European actuaries results in a subscription level for the IFoA in 2020 of €131,970 (this is a reduction of €64,170). The amount will grow with the growth of the number of actuaries over time. As this is higher than the initially proposed fixed €110,000 going forward, the board is proposing to apply this cap retrospectively for 2020 as well.

IMPLEMENTATION CONCENTRATION RISK CAP

To implement the cap to the subscriptions we propose to make two changes to article 18.4 of our statutes. The proposed amendment is an addition to the current text:

“... for which the Member Association itself receives full subscriptions on the national level and who are resident in a European country (European Actuaries). ~~To limit the concentration risk for the AAE, the~~ respective number of ~~actuaries~~ European Actuaries per country will be capped at 25% of the total number of European Actuaries.”

PROCESS

- The implementation requires an amendment to our statutes. The text proposal will be communicated 9 July the latest. As we are required to expose the proposed changes to the statutes at least three months for discussion before taking a formal vote, this date enables us to do the formal voting in our annual meeting of the General Assembly on 9 October 2020.
- The chairperson will call for an extraordinary meeting of the General Assembly to
 1. take an informal vote on this agreement
 2. discuss the proposed changes to the statutes
- The extraordinary meeting will be held on 5 August 2020 14.00 CEST
- The work on the MRA can start immediately after the adoption of the agreement. Both the IFoA and the AAE want to take the time that is needed for possibilities for a new MRA. It is expected that we can discuss this earliest in the annual meeting of the General Assembly in 2021, but this could also take longer.