



Agreement Board AAE and IFoA

Falco Valkenburg, chairperson

Virtual, 5 August 2020

2. Agreement Board AAE and IFoA

What has taken place since 19 June:

- 22/6 Call Grahame/Falco
- 24/6 Virtual meeting AAE/IFoA
- 26/6 extra Board meeting
- 29/6 Virtual meeting AAE/IFoA
- 1/7 Board meeting
- 2/7 Virtual meeting AAE/IFoA
- 2-3/7 Informal discussions with some membres titulaires
- 3/7 Call Grahame/Falco
- 9/7 Agreement signed by Board AAE and IFoA
- 9/7 Call for extraordinary meeting of the GA on 5 Aug

2. Mandate to the Board by GA 19 June

1. Negotiate on full membership with full rights
2. Negotiate on a cap or an equivalent based on the same monetary terms with a preference for a relative cap
3. Negotiate on the payments of the 2020 subscription with the baseline of paying in full
4. Negotiate on commitment as to SO1 and SO2 (e.g. MRA)
5. Continue without the IFoA if negotiations are unsuccessful

2. Financial impact agreement

- Proposal IFoA was to introduce a cap of 5,500 full members
 - Proposed subscriptions €110,000 per annum
- Agreement defines a dynamic cap of 25% of total number of European actuaries
 - In 2020 that would amount to 6,598 members and would result in a subscription level for 2020 of €131,960
 - The IFoA has asked to pay this amount as part of the 2020 subscriptions. IFoA has indeed paid this amount on 27 July
- Applying dynamic cap for 2020 is acceptable as the structural level going forward is higher (3 year earn back period)

2020

2018 actual 2019 actual 2020 Budget 2020 Forecast 2021 draft Budget 2021 Forecast 2022 Forecast 2023 Forecast 2024 Forecast 2025 Forecast

Euros Euros Euros Euros Euros Euros Euros Euros Euros Euros

Annual Fee

Number of Members 24'198 25'475 26'000 26'394 26'500 26'500 27'000 27'500 28'000 28'500
IFoA risk mitigation (# members) 3'209 3'400 3'400 3'600 3'800 4'000 4'200






Total Income 489'058 560'150 526'964 462'776 470'000 470'000 476'200 482'405 488'615 494'831
Total Expenditure 408'001 465'552 526'000 463'500 498'500 498'500 483'955 493'734 503'757 514'032

Income -/- Expenditure 81'057 94'598 964 -724 -28'500 -28'500 -7'755 -11'329 -15'142 -19'202

Balance BOY 647'676 728'733 799'456 823'331 822'608 822'608 794'108 786'353 775'024 759'882
Balance EOY 728'733 823'331 800'420 822'608 794'108 794'108 786'353 775'024 759'882 740'680

Coverage Ratio (Exp. / Balance) 179% 177% 152% 177% 159% 159% 162% 157% 151% 144%
Target 200% 200% 200% 200% 200% 200% 200% 200% 200% 200%
Excess Reserves -87'268 -107'773 -251'580 -104'392 -202'892 -202'892 -181'557 -212'444 -247'633 -287'384

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2.2 Proposed change in statutes

Proposed amendment of article 18.4 of the AAE statutes:

Each Member Association - no matter to which membership class it belongs - will pay an annual subscription to the AAE which corresponds to the per capita amount fixed by the General Assembly at least 13 months in advance, multiplied by the number of fully qualified actuaries on 1 January for which the Member Association itself receives full subscriptions on the national level (European Actuaries). To limit the concentration risk for the AAE, the respective number of actuaries per country will be capped at 25% of the total number of European Actuaries.

2.2 Exposure process

Proposed amendment is exposed on 9 July 2020

Article 19.1 prescribes a 3 months exposure period for discussion

There will be a vote in the next meeting of the General Assembly scheduled for 9 October

Both the Board and the IFoA would like to know where we stand.

Therefore we decided to take an informal vote on the agreement now.

4. MRA Review

Proposal:

- The Professionalism Committee to work on a review of the MRA with strong involvement of IFoA representatives and with the aim to continue to support mutual recognition of actuaries among member associations including the IFoA
- Conduct the review between the two next meetings of the General Assembly and report to the General Assembly in October 2021 (meeting in Switzerland).

ACTUARIAL ASSOCIATION OF EUROPE

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