



AAE General Assembly 11.10.2019

SO2: Update on developments of AAE Model Standards and EANs

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AAE and IAA model standards

ESAP1 General Actuarial Practice (approved 2014)

ESAP2 Actuarial Function Report under SII (2016)

ESAP3 Actuarial practice in relation to the ORSA process under SII (2017)

ISAP1 General Actuarial Practice (2012/.../2018)

ISAP1A Governance of Modeling (2016, removed 2018)

ISAP2 Social Security (2013)

ISAP3 IAS19 Employee Benefits (2014)

ISAP4 IRFS17 (approval expected 2019)

ISAP5 Insurer Enterprise Risk Models (2016)

ISAP6 Enterprise Risk Management and IAIS ICPs (2018)

No other ESAPs or ISAPs under work

ESAPs Update

ESAP1

- IAA updated ISAP1 by merging ISAP1A
- As agreed in Sofia the ASSC has
 - modified the ESAP1 to be in line with the current ISAP1 and
 - created the AAE Glossary for the defined terms
- The ASC has also prepared a report of the feedback from the MA consultation and proposed minor amendments on the draft ESAP1
- Subject to approval by the Professionalism Committee (ProfC) ESAP1 and the AAE Glossary are submitted for a vote by the GA

ESAPs Update

According to the Due Process the ESAPs should be reviewed at least every five years

ASSC workplan

- ESAP2 in 2020
- ESAP3 in 2021

European Actuarial Notes

No approved EANs so far

Two under development

- EAN on IORP II
- EAN on ESAP3 and ORSA

EAN on IORP II: Background

- A task force was set up in early 2016 to consider whether there was a need for model standards for Actuarial Function Reporting and Risk Reporting for IORPs
- Task force concluded that there was no need for model standards
 - Pensions Committee agreed in April 2016
 - Pensions Committee also agreed that an educational note should be considered
- The EAN was drafted but differing opinions expressed at Professionalism Committee in Sofia
- And it was agreed to consult with member associations

MA consultation and next steps

- Responses received from 13 MAs covering 12 countries
 - 10 out of 13 responded that an EAN would be helpful if no local actuarial standards/regulations exist
 - 4 out of 13 would prefer a model standard
- **Conclusion - preference for an EAN instead of a model standard**
- Comments on the ED received from 5 MAs
- Pensions Committee prepares the final EAN
- After approved by the ProfC and the Board the EAN will be submitted to the GA for electronic vote

EAN on ESAP3 and ORSA

- Exposure Draft was issued for MA consultation with a deadline of 30.9.19
- Responses received from 7 MAs
 - France, UK and Netherlands provided highly valuable comments
 - Germany, Finland, Hungary and Italy approved the ED without comments
- Some of the comments would be quite easily incorporated when some would need major changes and make the EAN look quite different

Next steps

- The final electronic approval will be postponed
- The Insurance Committee and the ProfC need to discuss how to proceed
- Two ideas:
 - A) Try to keep the changes minimal and have bilateral discussion with UK, Dutch and French colleagues to find a consensus
 - B) Wake up the original Task Force and start making the changes – as the EAN might change a lot a new ED consultation would be needed but before that the discussions in IC and ProfC as before
- Option B) will delay significantly the approval process
- ...

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