



# **ACTUARIAL ASSOCIATION OF EUROPE**

**General Assembly 2019, Vienna –  
11 October 2019**

**Esko Kivisaari – Report of the Board  
2018-2019**



# Vision – Values – Strategic Objectives

# Vision and Values

The vision of the Actuarial Association of Europe (AAE) is for actuaries throughout Europe to be recognised as the leading quantitative professional advisers in financial services, risk management and social protection, contributing to the well-being of society, and for European institutions to recognise the valuable role that the AAE plays as a leading source of advice on actuarial and related issues.

The AAE shares the following values:

- concern for the public interest
- Integrity
- Independence
- collaboration and respect
- transparency and accountability



# Strategic Objectives

## **Strategic Objective 1: Enhance relations with European institutions**

Establish and maintain relationships with key European institutions, so that the AAE can effectively provide them with high quality professional advice to improve the soundness of decisions from an actuarial perspective.

- Play a prominent role in shaping the development of new European legislation, and in the review and refinement of existing legislation, affecting the work of actuaries in traditional areas and in wider fields as actuaries extend their areas of involvement;
- Reinforce existing relationships with the European Commission and EIOPA;
- Build and enhance relationships with the European Parliament and the Council of the EU; and
- Maintain contact with other European organisations such as industry and consumer protection bodies.

# Strategic Objectives

## Strategic Objective 2: Promote Professionalism

Promote consistent standards of education and professionalism among actuaries in Europe.

- prescribe minimum requirements for the education of actuaries to be applied by member associations;
- facilitate continuing professional development of actuaries;
- ensure that all member associations have a code of professional conduct which reflects at least the requirements of the AAE's Code of Professional Conduct, and an appropriate disciplinary process;
- develop and maintain model standards of actuarial practice for work undertaken by actuaries in relation to EU regulatory requirements;
- maintain a mutual recognition agreement which is consistent with the requirements of the EU Recognition of Professional Qualifications Directive;
- support the development and recognition of individual member associations;
- help to ensure that regulated actuarial work is performed by those properly qualified to undertake it and subject to relevant professional and technical actuarial standards; and
- support the development and recognition of actuarial work in wider fields as actuaries extend their areas of involvement.

# Strategic Objectives

## **Strategic Objective 3: Promote a European community of actuaries**

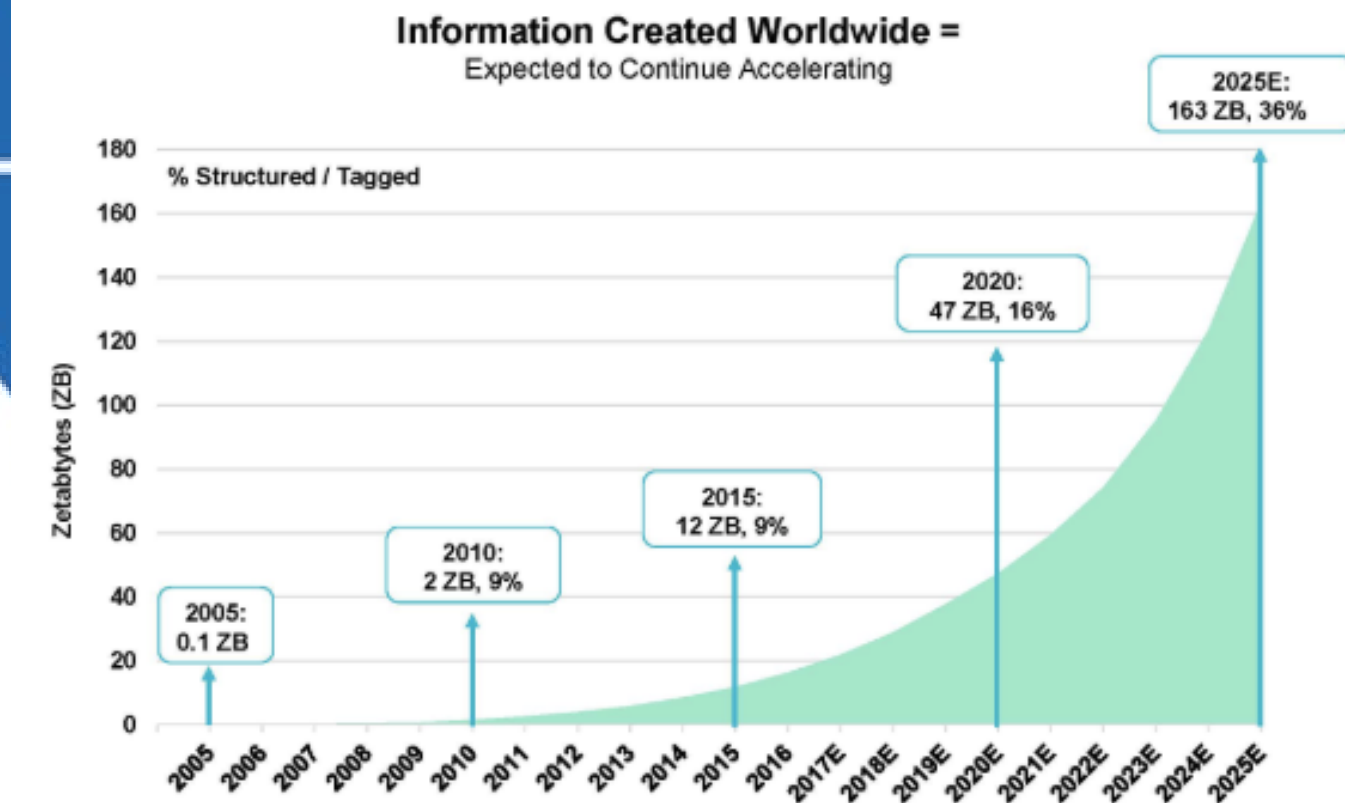
Promote a European community of actuaries between AAE member associations, their members and the AAE.

- encourage the exchange of information and ideas;
- facilitate networking between actuaries, especially in wider fields;
- strengthen awareness among member associations and their members of the work of the AAE; and
- facilitate mutual assistance between member associations.

Scale of Data

Different  
forms of Data

Analysis of  
Data



## Lloyds and Barclays hit by \$4 billion insurance mis-selling claims

Iain Withers, Lawrence White

4 MIN READ



LONDON (Reuters) - Lloyds ([LLOY.L](#)) and Barclays ([BARC.L](#)) on Monday said a surge in late claims could see them pay out around \$2 billion more each to settle Britain's costliest consumer banking scandal, the mis-selling of payment protection insurance (PPI).





# Challenges – Climate Change

The Paris target (1.5-2°C) to limit dangerous physical effects of climate change is vital but tough to meet.

Research by the IPCC  
Ther **Warming by 2100**

Pro **Physical impacts**

war

by 2



Sea-Level Rise (cm)



Coastal assets to defend (\$tn)



Chance of ice-free Arctic summer



Tropical cyclones: Fewer (#cat 1-5)

To hit the Paris targets will require a long, profound transition. This means major changes to energy, industry,

<2 °C		3 °C	5 °C
1.5 °C	2 °C		
0.3-0.6 m	0.4-0.8 m	0.4-0.9 m	0.5-1.7 m
\$10.2tn	\$11.7tn	\$14.6tn	\$27.5tn
1 in 30	1 in 6	4 in 6 (63%)	6 in 6 (100%)
-1%	-6%	-16%	Unknown

**Economic impacts**



Global GDP impact (2018: \$80tn)



Stranded assets



Food supply



Insurance opportunities

-10%	-13%	-23%	-45%
Transition: fossil fuel assets (supply, power, transport, industry)		Mixed: some fossil fuel assets mothballed, some physical stranding	Physical: uninhabitable zones, agriculture, water-intensive industry, lost tourism etc
Changing diets, some yield loss in tropics		24% yield loss	60% yield loss, 60% demand increase
New low-carbon assets and infrastructure investment (e.g. CCS)		Increasing demand to manage growing risks	Minimal: recession, tensions, high and unpredictable risks

# AAE Board of Directors

AAE Board				2018	2019	2020	2021	2022
				2019	2020	2021	2022	2023
Albertsen	Gun	Norway		M				
Béhar	Thomas	France		PAST				
Kivisaari	Esko	Finland		CHAIR	PAST			
Schneemeier	Wilhelm	Germany		M				
Kamenárová	Mária	Slovakia		M	M	M		
Medinhos	José	Portugal		M	M			
Wilhelmy	Lutz	Switzerland		M	M	M		
Thomson	Kartina	UK		M	M			
Valkenburg	Falco	The Netherlands		VICE	CHAIR	PAST		

# AAE Board of Directors



*Esko Kivisaari*  
Chairperson



*Falco Valkenburg*  
Vice-Chairperson



*Thomas Béhar*  
Immediate Past  
Chairperson



*Mária Kamenárová*  
Member



*José Mendinhos*  
Member



*Wilhelm Schneemeier*  
Member



*Kartina Thomson*  
Member



*Lutz Wilhelmy*  
Member



*Gunn Albertsen*  
Member

# AAE Nominations Panel

Nominations Panel		Category	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023
Béhar	Thomas	Chair ex-officio					
Kivisaari	Esko	ex-officio					
Valkenburg	Falco	ex-officio					
Renz	Michael	1201+					
Peraita	Manuel	1201+					
Crenca	Giampaolo	601-1200					
Steiger	Oliver	601-1200					
Campbell	Malcolm	151-600					
Goossens	Karel	151-600					
Onofre	Simões	<150					
Valeisa	Evaldas	<150					



# AAE Committee Chairpersons

Risk  
Management



Malcolm  
Kemp

Insurance



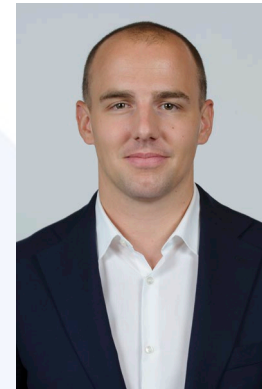
Tony  
O'Riordan

Pensions



Maitane  
Mancebo

Professionalism



Christophe  
Heck

Education



Henning  
Wergen

# AAE Activities 2018 – 2019: SO1 (1/4)

With the help of Committee Chairpersons the Board produced a paper expressing AAE's positions with respect to the new Parliament and the new Commission, together with handouts:

- IFRS17
- Solvency II
- Sustainable finance, Data science and ethics in insurance (September 2019),  
Costs and past performance – participation products (September 2019)

## Meetings with European Institutions:

- EIOPA
- European Court of Auditors
- Eurostat
- ECA&D (European Climate Assessment & Dataset)
- EC, DG Fisma (Olivier Guersent, Andrea Beltramello, Ulf Linder, Didier Millerot)
- MEP's (Sven Giegold, Sirpa Pietikäinen)

## Others:

Insurance Europe, Pensions Europe, AEIP

# AAE Activities 2018 – 2019: SO1 (2/4)

Discussion paper "Meeting the Challenge of Ageing in the EU" – with a meeting with DG Empl

Successful proposals to

- EIOPA expert panel on data ethics
- EFRAG Lab on reporting on sustainability

Seminar on how the EU works for all AAE delegates in Sofia, Bulgaria, in connection with the AAE Spring meetings

A working group (under supervision of the Board) to work on the first phase of exploring an Actuarial Climate Index (EurACI) for Europe

## **AAE Activities 2018 – 2019: SO1 (3/4)**

The Board supervises the work on a cash-flow analysis for IOPRs. The work is carried out by a task force of the Pensions Committee. The purpose of the Board is to ensure that such an approach can be useful for IORPs. Differences with Solvency II must be motivated by the different characteristics between insurance and pensions. EIOPA request on the subject of “Cost and Past Performance”- the Board works closely with the Insurance Committee



# AAE Activities 2018 – 2019: SO1 (4/4)

Press releases (often highlighting consultations to which the AAE has responded):

- EIOPA stakeholder groups
- Deferral of IFRS17 Insurance Contracts
- S II Delegated Regulation
- EIOPA's request on feedback on illiquid liabilities
- EIOPA's consultation on PRIIPs KID
- EC's Draft Ethics Guidelines for Trustworthy Artificial Intelligence
- EIOPA's consultation on sustainability
- Solvency II reporting and disclosure review 2020
- EIOPA's Discussion Paper on systemic risk and macroprudential policy
- Comments on EFRAG's draft comment letter on the IASB's amendments to IFRS 17 and on EIOPA's analysis of IFRS 17 insurance contracts

## AAE Activities 2018 – 2019: SO2 (1/2)

Establishment and approval of the Terms of Reference of the CPD Strategy Task Force (**EC** + ProfC)

Establishment of the CPD Task Force (**ProfC** + EC)

The survey on the Legal and Political recognition of the Actuary was restarted

Survey to

- monitor the development of model standards was reviewed by the Actuarial Standards Subcommittee (ASSC) – reviewed by the ProfC
- monitor the implementation of Model Standards was presented in Sofia. The response rate was relatively low and it was decided to reopen the survey

## **AAE Activities 2018 – 2019: SO2 (2/2)**

Due Process for EANs (Progress on EANs on IORP and ESAP 3).

Amend ESAP 1 to reflect the new ISAP 1

Core Syllabus together with implementation guidelines to the General Assembly in October 2019

The paper on Professional Judgement was approved by the ProfC

Formal approval of the admission of the Actuarial Society of Turkey as AAE full member association

# Quote from General assembly 2018.

## Strategic initiatives SO2



### The virtual platform (SO2 – 2, 6 & 8)

The objective is to share on actuarial content at an European level in order to support the MAs with content for CPD. In mid-term, the goal is also, with this platform, to provide additional benefits such as a mentoring programme, networking and job offers.

First step, in 2019, is to test the use of the virtual platform during the ECA. If success, Professionalism Committee in collaboration with the Education Committee will present at GA 2019 a report which evaluates the financial implications, workload and benefits of providing this platform and content (by MA) on an ongoing basis.

- Education Committee - In charge of ECA's content/organisation
- Professionalism Committee - In charge of marketing the content of the virtual platform to the MAs and tracking the activities.



## AAE Activities 2018 – 2019: SO3 (1/2)

ECA 2019 was successful – planning for ECA 2021 started  
“July 2019 : report to the FMA. «...Given the success of the use of ‘Actuview’ during the ECA2019, the Board is considering further cooperation with this platform.»”

AAE Presidents’ Meeting on Wednesday 5 June 2019 in Lisbon, Portugal in connection with ECA2019

The Board decided to end the publication of the AAE European Newsletter because of low number of clicks – looking at ActuView to improve member service

Successful inaugural Chief Risk Officer (CRO) Round Table was held in Brussels attended by around 35 – 40 senior actuaries

Blogs by Falco Valkenburg and Esko Kivisaari – more coming

# AAE Activities 2018 – 2019: SO3 (2/2)

## Webinars

- the new Code of Conduct
- new AAE core syllabus
- Meeting the Challenge of Ageing in the EU
- Update on Insurance Topics

Bilateral meetings with UK, NL, Romania, Portugal, Ireland, Italy, Czech Republic, Germany, Belgium

The Board approved the update of the Memorandum of Understanding with the IAA based on the first year experience (also Board level meetings with IAA leadership in connection to IAA Committee Meetings).

# General Assembly 2019 SO3 identified priorities

## AAE action plan presented at GA 2018 :

- ✓ better design, promotion of web page content
- ✓ better documentation and promotion what we do
- ✓ rethinking the newsletter
- ✓ webinars and podcasts, life long learning
- ✓ Promoting AAE actions and web content
- a platform for sharing good practices
- ✓ taking good care of the quality and promotion of the ESAP's, with reasonable support by the EAN's
- Helping the sharing of good practices of MAs, producing promotional material for ESAP
- ✓ Wider field

## What was achieved so far

- ✓ *headlines available,*
- ✓ *position papers, consultation responses published*
- ✓ *money proposed to be shifted to other activities*
- ✓ *New webinars are organized by each AAE committee*
- ✓ *LinkedIn created, blogs started to be done*
- ✓ *new EANs are in process*
- ✓ *EAN in preparations, to be done, inputs needed*
- ✓ *actuarial climate index activities initiated*

**All activities are beneficial for small associations**

# AAE Activities 2018 – 2019: Liaisons

Member Association	Country	T. Béhar	E. Kivisaari	G. Albertsen	M. Kamenárová	J. Mendinhos	W. Schneemeier	K. Thomson	L. Wilhelmy	F. Valkenburg
Aktuarvereinigung Österreichs	Austria						x			
IAI BE	Belgium									x
Bulgarian Actuarial Society	Bulgaria				x					
Channel Islands Actuarial Society	Channel Islands							x		
Ceska Společnost Aktuárů	Czech Republic				x					
Croatia	Croatia					x				
Cyprus association of Actuaries	Cyprus	x								
Den Danske Aktuarforening	Denmark			x						
Estonian Actuarial Society	Estonia		x							
Suomen Aktuariyhdistys	Finland		x							
Institut des Actuares	France	x								
Deutsche Aktuarvereinigung	Germany						x			
Hellenic Actuarial Society	Greece									x
Magyar Aktuárius Társaság	Hungary				x					
Felag Íslenska	Iceland			x						
Society of Actuaries of Ireland	Ireland							x		
ISOA	Italy									x
Latvijas Aaktuaru	Latvia		x							
Lietuvos Aktuariju Draugija	Lithuania		x							
Institut Luxembourgeois des Actuares	Luxembourg								x	
Malta Actuarial Society (observer)	Malta							x		
Het Koninklijk Actuarieel Genootschap	Netherlands									x
Den Norske Aktuarforening	Norway			x						
Polskie Stowarzyszenie Aktuaruszy	Poland								x	
Instituto dos Actuários Portugueses	Portugal					x				
Asociația Română de Actuarial	Romania									x
Serbian Actuarial Association (observer)	Serbia						x			
Slovenska spoločnosť aktuárov	Slovakia				x					
Slovensko Aktuarsko Drustvo	Slovenia	x								
Col·legi d'Actuaris de Catalunya	Spain					x				
Instituto de Actuarios Espanoles	Spain					x				
Svenska Aktuarieföreningen	Sweden			x						
Schweizerische Aktuarvereinigung	Switzerland								x	
Actuarial Society of Turkey	Turkey							x		
Institute and Faculty of Actuaries	United Kingdom							x		
Society of Actuaries of Ukraine (observer)	Ukraine						x			



# AAE Activities 2018 – 2019: Internal Affairs (1/2)

Number of Board meetings 15 – two full day meetings (Brussels and Helsinki), physical meetings in Sofia and Lisbon, otherwise monthly 2-3 hour teleconferences

CE Ad Kok retired and operated until end of July. New CE, Ms. Cecilia Thorn, appointed.

Solvency II project manager – Siegbert Baldauf working for the AAE as of 1 July 2019 as an independent consultant

Change of Statutes proposed for the GA – voting categories

## AAE Activities 2018 – 2019: Internal Affairs (2/2)

Committee vice-chairpersons nominations approved:

- Lauri Saraste – Insurance Committee
- Birgit Kaiser – Professionalism Committee

Maria Economou as the new chairperson of the Social Security Subcommittee

Kristoffer Bork as the new chairperson of the IFRS17 working group

Alignments of ToR's of Committees to the GA 2019

AAE Risk Policy approved

Governance document 'Links between Board and Committee Chairs' in order to include the experience of the first year



# ACTUARIAL ASSOCIATION OF EUROPE

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