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ESAP 2 REVIEW TASK FORCE

MINUTES FROM CONFERENCE CALL

12 OCTOBER 2020 16:00 – 17:00 CET

1. Attendees

- Fernando Ariza, Siegbert Baldauf, Jean-Claude De Pooter, Albert Ferrando, Witold Florczak, Pablo Olmo, Jules Krijgsman van Spangenberg
- Excused: Noel Garvey, Martin Melchior

2. Main items discussed in our first meeting on 15 September 2020

- No additions to the overview of items discussed.
- So far, we have only noticed one change in SII regulation since ESAP 2 (2016) was issued, that could impact the ESAP 2 text. This change is the addition of Article 260.1.h.ii (on LAC DT) in the SII Delegated Regulation as mentioned in the agenda. **Action point for Siegbert and Jules** to check for any further changes in SII regulation.
- Limited input has been provided to set up a question list to Mas. See point 5 below.

3. Additional task for our Goals of the ESAP 2 Review Task Force

- We discussed moving the definitions from ESAP 2 (2016) to the AAE Glossary.
- In addition to check for any conflicting definitions between ESAP 2 (2016) and the Glossary, we should also check for any inconsistencies with terminology used / defined in the AAE Code of Profession Conduct (CoPC). Solving these however might be beyond the scope of the ESAP 2 Review TF.
- **Action point for Jules** to prepare first proposal how to move definitions to the AAE Glossary and check for any definition inconsistencies between ESAP 2 (2016), the AAE Glossary and the CoPC.

4. Relevant survey results (15 MA) on ESAP 2

- Main consequences we should take from these survey results is that it is important to ensure that actuaries are aware that ESAP 2 exists and that ESAP 2 is being used. This is likely even more important than updating ESAP 2.
- Support from supervisors in pointing out the existence of ESAP 2 would be beneficial, e.g. by asking to indicate to AFHs to what extent their AFRs have been prepared in line with ESAP 2.
- We have asked Birgit Kaiser to share the details of the survey on ESAPs. **Action point Jules** to follow up on this.

5. Document shared by Fernando Ariza Rodríguez

- The document "The professional standard for actuarial application of the Actuarial Function under the Solvency II framework" ("PS-AF") provides actuaries guidance in fulfilling the full range of activities and responsibilities of the Actuarial Function. It has been prepared following requests from the practitioners in the market.
- This means that where ESAP 2 indicates what should be in the AFR and what criteria apply, the PS-AF aims to assist actuaries / AFs how actuarial work should be

structured to be able to deliver their work products and how to arrive at opinions. ESAP 2 (2016) has been used as foundation in preparing PS-AF.

- The document has been prepared with many discussions with the supervisor to get their consent with the content of the PS-AF. The authors are also connected to risk management departments and internal audit departments.

6. Next steps on Question list on ESAP 2 topics to be (re)assessed

- Hardly any input has been provided to set up the question list.
- We need to decide whether a survey will work out well anyhow, or that it will only generate too high level input that will not help us at the article per article level of ESAP 2.
- **Action point to all**: Share your ideas how best to proceed before October 19.
- We discussed whether Data Science / Artificial Intelligence should find its way into ESAP 2 (2021). Data aspects and Opinion on underwriting might need some link to DS/AI; this includes for example the ethical aspects related to AI ("Responsible AI" as one of the criteria to consider in the Opinion on underwriting). No decision yet but will be followed up while working on ESAP 2 (2021).

7. Next meeting

- Schedule a next meeting in second meeting week of November **(action point Jules)**
- In the meantime, please discuss / share ideas and progress by e-mail