

## JOINT MEETING OF INSURANCE, PENSIONS AND RISK MANAGEMENT COMMITTEES

HELD BY CONF CALL ON 15 APRIL 2021 FROM 8.30-10.00 CEST

### MINUTES

The list of participants is attached at the end of these minutes as **Annex 0.1**.

**Chairperson: Lauri Saraste**

#### 1. Opening of the meeting and adoption of the agenda

The agenda was adopted with no changes. Given the number of participants and the short timeframe, the introductory roundtable was skipped.

#### 2. Notes of the Joint Meeting held on 8 October 2020

Was approved, with no comments or additions to the minutes

#### 3. Stress Testing IORPs – Tatiana Bitunska

Tatiana explained how AAE is going to support EIOPA in preparing their 2022 IORPs ST. Following topics have been identified by EIOPA: impact of low interest rate environment, change in strategic asset allocation, improving analytical tools with a focus on horizontal approach and sustainability. The horizontal approach aims at further developing the CF approach, assessing the effect on members/beneficiaries, sponsors, pension protection mechanisms and liquidity.

AAE supports a CF approach given its extensive application and enhanced risk insight. Possible metrics include Internal Rate of Return (used in the previous exercise) completed by intervals, time to default, default probability, amount of pension deficit. Anyway, AAE had been pointing out that all CF's should be analyzed in detail: investment and liabilities with a distinction between accrued and future benefits. A 15-20 horizon is meaningful, a "one-year approach" could be considered if justified by proportionality.

Sustainability covers both climate and societal issues (e.g. Intergeneration balance in line with art. 7 IORP ensuring risks and benefits are fairly spread over generations).

Possible extensions of the CF analysis:

- Focus on cohort members in line with intergeneration balance
- ESG scenarios considering different climate evolutions
- Stochasticity is preferred but feasibility should be assessed
- Preferably one set of calculations based on national standards for various purposes

Conclusion: the CF task force should be relaunched over the 6 coming months to provide support to the Pension Committee and Climate risk should be addressed across committees. This will be further discussed in the pensions committee.

#### 4. **Systemic Risk/Macroprudential regulation – Malcom Kemp**

Malcom introduced the concept of systemic risk where the “the system can behave in ways that are beyond of its parts” according to a domino or tsunami view (cascade effect versus global impact with common vulnerability).

Banking is more prone to systemic events but modern finance and the high contribution of Insurers and IORPs to GDP also lead to systemic risk.

In modern societies, we expect financial systems to be regulated. That implies responsibilities: how to identify and mitigate vulnerabilities whilst still allowing financial system to assist society.

Policymakers analyze potential risks (risky behaviors, operational risks, climate change) in a changing environment (reduced role for banks, low interest rate, disruption of the value chain).

EIOPA explored tools in 2018 combining enhanced reporting/monitoring and intervention powers. Most of them are included in EIOPA advice to the EC on SII 2020 review.

Macro Risk can also become an opportunity for insurers and IORPs as Long Term investors, institutions with the potential to counter pro-cyclical behaviors, possible substitute for credit provided by banks but also risk experts addressing societal challenges.

Conclusion: There was a general interest to expand on this issue starting from EIOPA initiatives but also looking more deeply on the fundamentals.

#### 5. **Pandemic Risk – Esko Kivisaari**

Esko presented a draft paper prepared by a working group of the lessons learned from the pandemic and how to be prepared going forward.

“Shared-resilience solution” is advanced by EIOPA where systemic crisis could be handled in the future (cyber, climate, pandemic).

There are key differences between banks and insurers in a crisis context:

- Banks have structural and countercyclical tools (e.g. countercyclical buffers). This is why banks could be so supportive when providing liquidity to borrowers in need during Covid-19
- Insurers cannot create money in the way banks do because claims still have to be paid, lower premiums would not create leverage. Those countercyclical tools are difficult to find for insurers

Pandemic is too correlated, and the societal lockdown is not accidental. When an unanticipated large loss occurs, long term solutions are needed. It needs joint collaboration: research, vaccination, testing to stop the virus before considering insurance. Shared resilience solution is very difficult as we cannot anticipate.

Conclusion: Esko's paper was welcomed as a comprehensive pack of issues that needs to be looked in the work preparing for any shared resilience type of solutions. The further use of the paper will also be discussed in the relevant committees.

**6. Any other issue**

None

**7. Next meeting**

The next joint meeting of the Insurance, Pensions and Risk Management Committees will be held on Thursday 30 September 2021 at Campus Sursee, Switzerland, at the invitation of Schweizerische Aktuarvereinigung.

## Annex 0.1

### Participants Joint meeting Insurance, Pensions and Risk Management Committees Virtual | 15 April 2021

	First name	Family name	Country	Nominating association	role
1	Reinhold	Kainhofer	Austria	Aktuarvereinigung Österreichs	Delegate
2	Florian	Moyzisch	Austria	Aktuarvereinigung Österreichs	Delegate
3	Hartwig	Sorger	Austria	Aktuarvereinigung Österreichs	Observer
4	Christoph	Krischanitz	Austria	Aktuarvereinigung Österreichs	Delegate
5	Philippe	Demol	Belgium	Institut des Actuaire en Belgique	Delegate
6	Karel	Goossens	Belgium	Institut des Actuaire en Belgique	Observer
7	Daphné	De Leval	Belgium	Institut des Actuaire en Belgique	Delegate
8	Rob	De Staelen	Belgium	Institut des Actuaire en Belgique	Delegate
9	Tatiana	Bitunska	Bulgaria	Bulgarian Actuarial Society	Delegate
10	Angel	Videnov	Bulgaria	Bulgarian Actuarial Society	Delegate
11	Lyubimka	Dermendshiyszka	Bulgaria	Bulgarian Actuarial Society	Observer
12	Michael	Poulding	Channel Islands	Channel Islands Actuarial Association	Delegate
13	Ksenija	Sanjkovic	Croatia	Hrvatsko Aktuarsko Društvo	Delegate
14	Christos	Loucaides	Cyprus	Cyprus Actuarial Society	Delegate
15	Demosthenis	Demosthenous	Cyprus	Cyprus Actuarial Society	Delegate
16	Martin	Jusko	Czech Republic	Ceská Spolecnost Aktuáru	Observer
17	Jana	Zelinkova	Czech Republic	Ceská Spolecnost Aktuáru	Delegate
18	Kristoffer	Bork	Denmark	Den Danske Aktuarforening	Observer
19	Conor	O'Byrne	Denmark	Den Danske Aktuarforening	Observer
20	Martin	Melchior	Denmark	Den Danske Aktuarforening	Observer
21	Lauri	Saraste	Finland	Suomen Aktuaariyhdistys	Chair Insurance
22	Annina	Pietinalho	Finland	Suomen Aktuaariyhdistys	Delegate
23	Hillevi	Mannonen	Finland	Suomen Aktuaariyhdistys	Observer
24	Inna	Aaltonen	Finland	Suomen Aktuaariyhdistys	Delegate
25	Esko	Kivisaari	Finland	Suomen Aktuaariyhdistys	Observer
26	Richard	Deville	France	Institut des Actuaire	Observer
27	Thomas	Béhar	France	Institut des Actuaire	Observer
28	Matthias	Pillaudin	France	Institut des Actuaire	Delegate
29	Siegbert	Baldauf	Germany	Deutsche Aktuarvereinigung	Chair Solvency II
30	Frank	Schiller	Germany	Deutsche Aktuarvereinigung	Delegate
31	Wilhelm	Schneemeier	Germany	Deutsche Aktuarvereinigung	AAE Chair
32	Susanna	Adelhardt	Germany	Deutsche Aktuarvereinigung	Delegate
33	Michael	Renz	Germany	Deutsche Aktuarvereinigung	Observer
34	Alexander	Schalk	Germany	Deutsche Aktuarvereinigung	Observer
35	Istvan	Kerenyi	Hungary	Magyar Aktuárius Társaság	Delegate
36	Gábor	Hának	Hungary	Magyar Aktuárius Társaság	Observer
37	Támas	Benscik	Hungary	Magyar Aktuárius Társaság	Delegate
38	Gábor	Borza	Hungary	Magyar Aktuárius Társaság	Delegate
39	Stefano	Visintin	Italy	ISOA	Delegate
40	Giovanni	Sammartini	Italy	ISOA	Delegate

41	Aldo	Balestreri	Italy	ISOA	Delegate
42	Baiba	Mocaine	Latvia	Latvijas Aaktuāru Asociācija	observer
43	Evaldas	Valeisa	Lithuania	Lietuvos Aktuarijų Draugija	Delegate
44	Paulius	Ptakauskas	Lithuania	Lietuvos Aktuarijų Draugija	Delegate
45	Jeroen	Van den Bosch	Netherlands	Koninklijk Actuarieel Genootschap	Delegate
46	Falco	Valkenburg	Netherlands	Koninklijk Actuarieel Genootschap	Past-Chair AAE
47	Debbie	Ramdien-Sonai	Netherlands	Koninklijk Actuarieel Genootschap	Delegate
48	John	Oost	Netherlands	Koninklijk Actuarieel Genootschap	Observer
49	Hans Michael	Øvergaard	Norway	Den Norske Aktuarforening	Delegate
50	Gunn	Albertsen	Norway	Den Norske Aktuarforening	AAE Board - Observer
51	Trond	Killi	Norway	Den Norske Aktuarforening	Observer
52	Christian	Akselsen	Norway	Den Norske Aktuarforening	Delegate
53	Marcin	Zwara	Poland	Polskie Stowarzyszenie Aktuariuszy	Delegate
54	Bogusława	Wolniewicz-Niemiec	Poland	Polskie Stowarzyszenie Aktuariuszy	Delegate
55	Robert	Pusz	Poland	Polskie Stowarzyszenie Aktuariuszy	Delegate
56	Cathal	Fleming	Rep of Ireland	Society of Actuaries in Ireland	Delegate
57	Declan	Lavelle	Rep of Ireland	Society of Actuaries in Ireland	Delegate
58	Bryan	O'Higgins	Rep of Ireland	Society of Actuaries in Ireland	Delegate
59	Mária	Kamenárová	Slovak Republic	Slovenská spoločnosť aktúarov	Delegate-Vice-chair AAE
60	Eduardo	Trigo	Spain	Instituto de Actuarios Españoles	Delegate
61	Gregorio	Gil de Rozas	Spain	Instituto de Actuarios Españoles	Delegate
62	David	Musazai	Sweden	Svenska Aktuarieföreningen	Delegate
63	Lionel	Candaux	Switzerland	Association Suisse des Actuaire	Delegate
64	Lutz	Wilhelmy	Switzerland	Association Suisse des Actuaire	AAE Board - Observer
65	Roger	Kaufmann	Switzerland	Association Suisse des Actuaire	Delegate
66	Michael	Bamberger	Switzerland	Association Suisse des Actuaire	Observer
67	Malcolm	Kemp	United Kingdom	Institute and Faculty of Actuaries	Chair RMC
68	Charles	Cowling	United Kingdom	Institute and Faculty of Actuaries	Delegate
69	Kartina Tahir	Thomson	United Kingdom	Institute and Faculty of Actuaries	Delegate
70	Simon	Wasserman	United Kingdom	Financial Reporting Council	Observer
71	Craig	Hanna	USA	American Academy of Actuaries	Observer
72	Tom	Wildsmith	USA	American Academy of Actuaries	Observer