# THE EUROPEAN ACTUARY



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## The post-financial crisis state of European risk management

By David Nicholson

**The fallout from the financial crisis of 2008 continues to exercise many of the sharpest minds in European business: how could we have acted differently? What new measures should we put in place to prevent a repetition? In the actuarial profession, questions are being asked over the role that actuaries played in risk management and whether this role needs to change.**

**We spoke to three of the most senior risk management experts in Europe to gather their views on how risk management is evolving, in the light of the financial crisis.**

**Philip Scott** is the chairman of the board risk committee for the Royal Bank of Scotland. He retired as chief finance officer for Aviva Plc – the UK's largest insurance group – in July 2010.

**Eberhard Müller** is Chief Risk Officer and Managing Director of the Hanover Re Group Risk Management division (GRM), reporting to the chairman and working with 57 employees. And **Francis Ruijgt** is the Chief Risk Officer at Dutch insurer Nationale-Nederlanden. He is also vice-chair of the International Actuarial Association's Insurance Accounting Committee.

***We began by asking all three men how they believe the governance of risk management should be organized, to assure its added value.***

For Philip Scott, governance of risk management needs to fit the purpose of the corporation that is being managed. "But financial services corporations such as insurance companies and banks have a greater complexity of needs, not least because trading risk is a key part of what they do with customers," he argues. "They're in the business of buying and selling risk, so the governance needs to be given priority."

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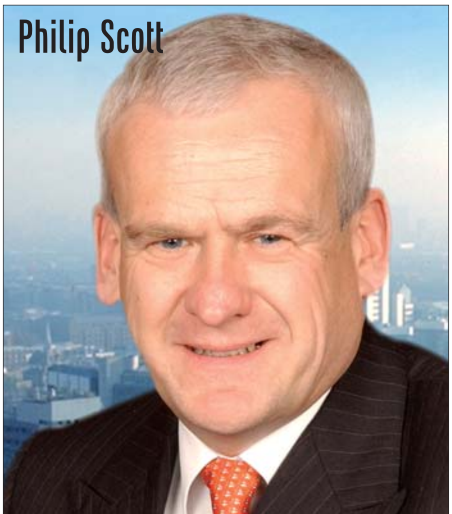
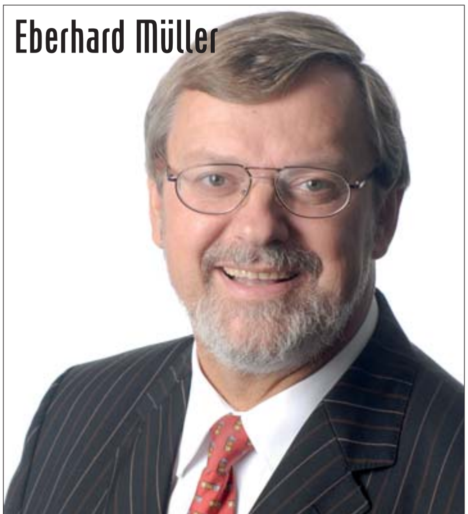

Philip Scott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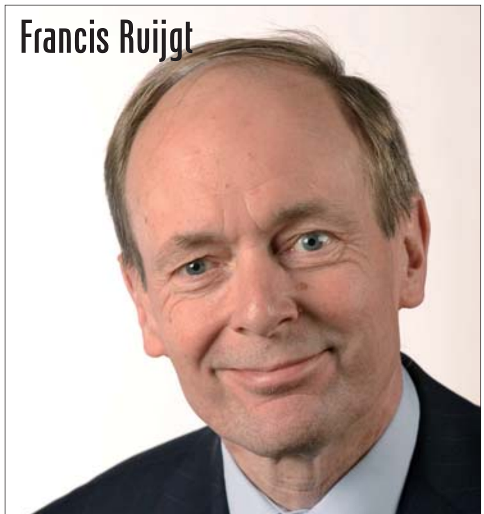
Francis Ruijgt


> For Eberhard Müller the prerequisite is to establish a CRO function, where the Risk Officer is responsible for what he calls "a holistic quantitative and qualitative risk management throughout the enterprise." Either the CRO should report to the CEO or be a member of the board himself, argues Müller. "Reporting to another board member such as the CFO only works if the segregation of tasks between the independent risk controlling function (headed by the CRO) and risk taking tasks (e.g. asset management under the control of the CFO) does not create conflict."

Francis Ruijgt believes that the three lines of defence model should be applied: where the first line is management, the second is the risk function and the third is the auditing function. "The risk manager is a key player in the second line," says Ruijgt: "reviewing, monitoring and controlling the first line." Secondly, risk management should be firmly embedded in the corporate board, either by having a CRO on the board, or reporting directly to the CEO. Lastly, in corporate groups: "There should be a strong functional risk network throughout the organization," he argues.

***The financial crisis certainly exposed many different functions to criticism. We asked the three executives how far they saw risk management being at fault and what they learnt from the experience.***

Philip Scott denies that failure of risk management was a factor in the insurance industry. In banking, however, there were management, regulatory and political failures. "And they included risk management," says Scott. "It's too simplistic to place the whole responsibility on risk management, but there are certainly lessons to be learned in the banking sector. One is that a key component of the financial crisis was mis-pricing of credit: loans were too cheap. There was a mis-calculation of where the funding of balance sheets came from.

"Risks were understood, but the consequences of the quality of risk and what would happen in extreme events wasn't taken into account. What happens when these risks come home to roost? In an ideal world, the risk function would have changed management actions in a way that it didn't do."

Francis Ruijgt says that it was clear that the models used did not capture the tail risk adequately. "I believe it also made clear that despite models being helpful for providing insight, one should realise that common sense is key in judging risk. Risk management needs to be done before a crisis – once a crisis hits, there is little that you can do," says Ruijgt.

Eberhard Müller argues that insurers and reinsurers who concentrated on their core business performed significantly better than other financial institutions. "The ERM of small and medium sized enterprises with significantly simpler risk structures should have a significantly simpler risk management framework than a large and complex internationally active enterprise" says Müller.

***Next, we asked how the three men see the position and the added value of actuaries in risk management.***

Philip Scott distinguishes between actuaries in the insurance industry, where they have clear skills that can add value to risk management, and the banking industry. "Actuaries are extremely good at helping to assess and identify risk and model scenarios," he says. But Scott has seen few actuaries in the risk function at banks. "There are some, and I think that the skills an actuary has can help them to understand risk, but banking risk management is a different professional activity. It's an interesting question: looking to the future, whether actuaries could be more involved in banking risk management.

Francis Ruijgt says that actuaries' knowledge of products and valuation is good, "But there should be more focus on tail risk," he says.

For Eberhard Müller the actuarial profession has the best background to carry out an integrated enterprise risk management, combining the traditional more quantitative risk management (like reserving or exposure controlling) with qualitative risk management (like operational risks, process management and risk reporting). "Of course this requires additional education," says Müller.

***Looking at the impacts of risk management on small and medium-sized enterprises, we asked whether the executives believed that this could endanger them, through excessive regulation.***

Philip Scott thinks that all types of enterprises, whether SMEs or global corporations, need to have appropriate risk management. "For example, if you're in construction, you need risk management for the safety of construction workers. We live in a risky world where there's an ever-growing weight of regulation, so you need appropriate resources. But I don't think the response to the crisis is over-burdensome to SMEs. All enterprises have risks that need to be managed. It might mean that SMEs need to have two hours a week of external advice. So the scale of risk management should be fit for the business.

Eberhard Müller argues that the efforts and resources spent should follow the magnitude of risk. He points out that within the Solvency 2 framework, this is known as the 'principle of proportionality'. "The ERM of small and medium sized enterprises with significantly simpler risk structures should have a significantly simpler risk management framework than a large and complex internationally active enterprise", says Müller.

For Francis Ruijgt, this question has a simple answer: "You cannot do insurance without proper risk management, and should not depend on Solvency 2. So in other words, if you are selling complex products there is no excuse for not having appropriate risk management in place."

***Finally, we asked how the three men would organise European risk supervision.***

Eberhard Müller detects a mismatch between the vision of European Institutions to overcome national protectionism and the behaviour of national regulatory bodies. "For European (and worldwide) operating enterprises it is a real burden," he says, "to answer the same questions and run through the same processes country by country rather than having one 'group supervisor', communicating to other supervisors in an efficient way to save as much time and expenses as possible, which would definitely be in the interest of the insureds!"

Philip Scott maintains: "The prudential regulations for financial companies have an important part to play in external supervision of risks and should fit according to a country's risk management of financial institutions. I don't think we need overall European supervision: we already work together, though there are still national regulations as well as on a European level. I think the current prudential regulation is enough to do the job. We not only work together across Europe, but also at G20 level."

"Over the last couple of years," notes Francis Ruijgt, "we have seen intense discussions between people who believed that once supervisors start cooperating, mutual trust and a convergence towards a common rulebook would follow, and those that believe a common rulebook has to develop first for supervisors to be able to cooperate efficiently. The structure that we ended up with strikes a balance between the two: more cooperation (for example in colleges), and a simultaneous move to further develop the common rulebook."

# Dear reader

**In October last year The European Actuary (TEA) was born. The reactions we received to our first edition, which was all about Solvency II, were very positive and encouraged us to move forward. Before you lies the second edition in which Risk Management is the central theme.**

**The character of the actuarial profession is becoming more and more international. Just like their clients, consultancy firms and financial institutions like insurance companies, pension funds, asset managers and banks, have entered the international arena during the last decades. As a consequence of this globalization process, regulation and supervision follow at high speed and actuaries are working more and more on a European and global level. Developments like the recent credit crisis underline the importance of having 'state of the art actuaries'. At the same time efforts are still necessary to ensure that the voice of actuaries is heard in the relevant supranational institutions and that the actuarial profession is recognized as a major contributor to sound and objective decision making in the financial sector.**

**The aim of TEA is to inform, disclose and share new business-criticalglobal and local developments, viewpoints and the latest successful principles and practices that are of significant interest to corporate board members, politicians, actuarial professionals and captains of industry in the financial, actuarial-related, arena.**

**As initiators of this exciting project we are looking forward to lively and fruitful discussions with our audience! Please don't hesitate to contact us.**

**Kind regards,**
**Peter van Meel**

# INSURANCE STRESS & SCENARIO TESTING

By Colin Ledlie

**The recent financial crisis in the Banking sector puts an emphasis on the importance of effective stress and scenario testing as one element of an effective Enterprise Risk Management process. Observations from the regulators in the UK identified that some stress testing had been carried out. However, often the scenarios reviewed were not sufficiently severe to give meaningful insight into the financial vulnerabilities of firms. This has led regulators to increase their focus on stress and scenario testing through new regulations and through a range of centrally-specified stress tests that firms must perform and submit to regulators.**


In the insurance sector stress testing has long been a part of the risk management tool kit. In the UK actuaries have regularly produced Financial Condition Reports which review the impact of a wide range of scenarios on the balance sheets of insurers. More recently, over the past 5 years, actuaries have performed Individual Capital Assessments which quantify the impact of severe risks on a realistic balance sheet basis. This is analogous in most respects to the new capital regime under Solvency II. What we see now however is a much wider application of stress and scenario testing coming from regulators at both country and European level.

The regime for stress and scenario testing can be viewed at three levels;

– Firm's Own Stress Testing
– Supervisory Stress Testing
– System Wide Stress Testing

Firms must continue to perform their own stress testing exercises and embed these in their risk management processes. It will be essential for firms that their own stress testing does not suffer as a result of the demands of supervisory and system-wide stress testing. It will be this firm-specific testing that will focus on the risks specific to an individual entity and may therefore provide the greatest insight to senior management.

Supervisory stress testing will tend to take the form of specific stresses relevant to a country's leading insurers. In the UK this has taken the form of standard stress tests applied to both Pillar 1 and Pillar 2 financial results. These exercises have tended to be carried out roughly every six months. They have initially focussed on just the largest firms and have proven challenging for firms given the relatively short timescales and the fact that the design of each exercise has been markedly different as the regulator seeks to explore different potential vulnerabilities of firms.

Stress testing not only informs firm specific risk but has been used increasingly to consider systemic vulnerabilities in the financial system. These analyses can be requested at an industry, country, European or even a global level. These are undoubtedly important and useful but can be particularly challenging for firms as there will be little flexibility in timescales. The definition and specification of the exercise may also be more difficult to interpret than an exercise designed for local markets.

One new innovation in regulation and indeed in risk management has been the introduction of reverse stress testing.

*Reverse Stress Testing*
Identifying explicitly and assessing the scenarios most likely to render a firm's business model unviable

*(Un)viability*
The point where crystallising risks cause a loss of confidence in the firm sufficient that the market loses confidence in the firm

These definitions are very much driven by the experiences of the banking sector and the impact on funding and hence liquidity of a lack of confidence in the firm. In the insurance sector the assessment of the relevance and impact of a loss of confidence is more difficult to judge. For most firms there will not be the same ongoing funding requirement as there is for a bank, although it will be important for insurers to consider the requirement to refinance debt and the impact upon this of confidence in the firm. Consideration should also be given to the point at which policyholders might lose confidence and exercise their option to lapse policies and the impact on the firm's finances of such a mass lapse.

There is relatively limited experience both in firms and at regulators of performing this type of exercise. My own experience is that it can drive a very valuable dialogue at Board level with an examination of a wider range of risks than might normally be considered – particularly those risks normally deemed to be too improbable to merit consideration. The analysis should consider not only financial risks but also operational or regulatory events. For example:

– what would the impact be of the failure of a key supplier?
– what might the impact of excessively prudent Solvency 2 regulations be?

Such an exercise can help firms in their discussion of their own Risk Appetite and will help firms better understand their risk exposures. The most important outcome of the exercise, however, is likely to be greater consideration of potential mitigating actions either in preparation for or in response to a crystallised risk event.

In terms of lessons from stress test exercises so far a couple of key points emerge.

The regulatory focus on stress test results is intense following the financial crisis. A firm's own review and governance processes need to be mindful of the extent of regulatory and even political scrutiny that the results may receive. It would therefore seem sensible to ensure that all stress test results submitted to the regulator receive the careful attention of Boards or Board Risk Committees.

The amount of work for insurers to support stress and scenario testing has increased markedly over the past couple of years. The volume of stress test requests is currently placing a considerable strain on finance and risk teams given the simultaneous requirements of delivering Solvency 2. In building new financial and risk infrastructure for Solvency 2 it will be essential that firms build into their plans an expectation of continuing requirements to produce regular stress and scenario results.

**Colin Ledlie** is Group Chief Risk Officer at Standard Life. He has also chaired the UK Actuarial Profession's Enterprise Risk Management Committee.

# The true cost of maritime piracy is still uncertain

By Neil Hilary

**Piracy attacks have been on the increase in the last 15 years. But, since 2006, the level of attacks has increased by an average of 125%. And this is almost entirely due to the attacks by Somali pirates.**
**In our report, my co-authors and I argued that the scarcity of statistics on maritime piracy make the estimation of risk difficult.**

Piracy attacks have been on the increase in the last 15 years. But, since 2006, the level of attacks has increased by an average of 125%. And this is almost entirely due to the attacks by Somali pirates.
In our report, my co-authors and I argued that the scarcity of statistics on maritime piracy make the estimation of risk difficult.
The challenge to the actuaries involved in pricing maritime insurance products is considerable. Firstly, actuaries are used to working with statistics which number thousands and tens of thousands. Despite the increase in piracy attacks, the numbers are still relatively small. And secondly, the information about the attacks issued by shipping owners is often vague. Understandably, shipping owners don't wish to encourage further acts of piracy, but without knowing the full details we cannot come up with the true cost.
In our report we estimated, using publicly available data at the time, the cost for each attack to be around $10.2m. With an incidence rate of 0.77%, this produces a kidnap and ransom rate of around $79,000 per vessel using the Suez Canal. [Subsequent analysis by the working party has revised these three figures to $8.9m, 0.64% and $57,000 respectively]. But this is based on judgement, not on strict modelling. So, without accurate figures, uncertainty will remain – future costs may be significantly different.
Our report concentrated on maritime piracy. While many definitions exist, the paper concentrated on the actions of small bands, possibly operating from the hub of a mother-ship, in international waters, without the direct sanction of any national state. Its objectives were monetary rather than political or ideological: the attack and capture of vessels, with a view to seizure (and resale) of vessel and cargo, and possibly kidnap and ransom of crew. Historically piracy has been controllable (with great effort and considerable manpower) but virtually impossible to eradicate.


**Neil Hilary** is staff actuary at the Institute and Faculty of Actuaries (UK) and one of the authors of a report which was presented to the UK Actuarial Profession's General Insurance Research Organisation conference in October 2010.

The full report may be read by visiting:
http://www.actuaries.org.uk/research-andresources/document-library/list/PIRACY?filters=&or_filters=type:document

**Our report concluded that:**

– Piracy is nothing new, despite the media and insurance industry's recent interest. However the structure and methodology of the Somali pirates in particular is rapidly evolving. Its protagonists do not play by accepted maritime rules either amongst themselves or when in conflict with authority. It has forever been driven by the anxiety of the poor to improve their lot – but the pirates themselves have not always retired from the game once their own financial position has been resolved.

– The location where piracy will thrive needs a number of features: bases on a mainland where the government is not aggressive in suppressing piracy (for reasons of inability or possible acquiescence); support services on land (from among the impoverished whom they are trying to help); a ready supply of attackable vessels – they come in all shapes, sizes and purposes of voyage; access to weaponry; a market for the onward sale of vessels or cargo; and a population in poverty with no alternative source of income. These features are most noteworthy in Somalia, the Persian Gulf and Red Sea states, particularly Aden.

– Matters have escalated in the last 20 years. Despite the best efforts of united western powers, pirates thrive. During that time the UN objective to erase poverty in the world has been remarkably successful in many parts of the world (eg the Caribbean and Asia) but less successful in Africa.

– The possibility that terrorists may use pirates or techniques learned from pirates to carry out terrorist attacks should not be discounted. Terrorists may also use profits from piracy to finance terrorism.

– Risk mitigation is Important, both to avoid incidents and to minimise their impact when they do occur. There is clear evidence for taking prompt action when an incident occurs. There have been a number of cases where this has frustrated pirates.

– There is considerable difficulty in obtaining base statistics in trying to assess the cost of the piracy coverages within today's maritime insurance policies. Perhaps more than in any other insurance, underwriters have very good reasons for not releasing frequency and severity statistics for the world's prying eyes. Equally the 'near misses' may well not be logged. What is available requires judicious extrapolation.

– Piracy is an extremely nasty business, especially for the sailors on attacked boats. It has the potential to severely damage world trade and has caused material damage to the economy of some countries. Co-ordinated action is necessary to suppress or control it (coastal states, other states, ship-owners etc). Economic and political measures are needed as well as "policing". Although there are many common features, local conditions give rise to differences in the nature of piracy. (So the response, both in relation to control and risk mitigation, could differ.) However history has taught us that piracy in general can only be solved by a land-based solution, in particular finding work opportunities.

# CERA AND THE FUTURE ROLE OF ACTUARIES

By Ron Hersmis

**Towards the end of 2009, a number of European actuarial associations joined a group of 13 actuarial societies around the world in adopting the CERA designation through the signing of a multilateral treaty. The CERA Global Association (CGA) is tasked with ensuring that high technical standards are maintained for the qualification and that the syllabus is comprehensive and addresses the important challenges across all major sectors. Accredited organisations are required to undergo an annual review of testing processes, pass rates and quality assurance, and will undergo a much more in-depth review every three years.**


Ron Hersmis
Photography: Anno Bousema

Recently, the Dutch actuarial association was approved as an Award Signatory by the board of the CGA. After the Institute and Faculty of Actuaries in the UK, the Dutch actuarial association is the second European Award Signatory. This means that they are ready to start a CERA education program which has recently been developed and thoroughly reviewed by the Review Panel of CGA. For 'Het Actuarieel Genootschap' this is a special event since they are the first non-English speaking association to have developed a completely new curriculum based on the international CERA guidelines.

Today, in 2011, all actuaries are aware that they are not limited anymore to the field of pensions and insurances. They have fully realized that they can play an important role in every domain of long-term financial obligations or contingent financial obligations. Having the Solvency 2 directive in mind, we know that the risk management step is a 'level that follows ' for us. It is obvious that the actuaries are considered as the authoritative risk management specialists. And that raises the question: 'Do the non-actuaries are thinking the same about actuaries?'.

**The CERA award provides actuaries more opportunities to identify their role as risk managers.**
The CERA qualification is designed to equip actuaries to fulfill positions beyond the traditional actuarial fields; they are able for example to become chief risk officers. With a CERA designation actuaries are envisaged not only to be equipped to identify and to assess risk, but also to lead the development of an organization's risk management strategies. It is of importance to point out that 'the key' for all multinational companies is the fact that the CERA qualification is internationally accepted and that only full qualified actuaries can be designated as 'CERA'. It is expected that after the British and the Dutch associations, other European associations like the French and German will follow. The CERA designation is 'the passport' of actuaries to fly in risk management land. It is 'the opportunity' we have to treat very carefully in order to get the full benefit of our destination.

**Solvency 2 directive**
Solvency 2 is a gift for actuaries, but it can also be a threat. In Solvency 2 the importance of a strong risk management function is fully recognized. This is an opportunity for actuaries, especially under CERA designation, but not exclusive for actuaries. The domain of risk management has already been discovered by other financial analysts. This could be a threat, but also a challenge! It fully depends on us as actuaries to prove our added value as risk managers in the coming up years. Pan-European recognition of the CERA designation can help.

**Ron Hersmis** is a fully qualified member of Het Actuarieel Genootschap, member of the Board of Directors of CERA Global Association, Chairman of the Education Committee of the Groupe Constultatif, member of the Education Committee and Accreditation Committee of the IAA.
This article is a personal contribution to The European Actuary. It doesn't necessarily reflect the opinions of Het Actuarieel Genootschap, CGA, GC or IAA.

## Statements on the new CERA qualification

**Axel P. Lehmann**
Axel P. Lehmann is a member of the Group Executive Committee and Chief Risk Officer of Zurich Financial Services Group (Zurich). Recently he has been elected as CRO Forum Chairman for 2011.

After joining Zurich in 1996, he held various executive management positions before becoming a member of the Group Management Board responsible for Group-wide business development functions in November 2000. Mr. Lehmann was appointed a member of the Group Executive Committee and CEO of the Continental Europe Business Division in March 2002. In 2004, he assumed additional responsibility for UK, Ireland and South Africa and became CEO for the newly created Europe General Insurance business division. In September 2004, he became CEO of Zurich American Insurance Company and Zurich North America Commercial business division. In January 2008, he assumed his current role as Group Chief Risk Officer.

Mr. Lehmann studied Economics and Business Administration at the University of St. Gallen obtaining his doctorate in 1989. A year later, he became Vice President and Head of Consulting and Management Development at the Institute for Insurance Economics and the European Center in St Gallen. He earned his postdoctoral habilitation qualification in 1996 and is a graduate of the Wharton Advanced Program. He is Honorary Professor at the University of St. Gallen and a member of the Board of Directors of UBS AG.

**On the new designation CERA Axel P. Lehmann comments:**
"Enterprise risk management has become a key element of business management today, comprising far more than the responsibilities of risk management as described in the Solvency 2 context. ERM takes a comprehensive look at a company's risk profile, and by analysing not only the threats but also business opportunities it strengthens sound decision making, thus adding value particularly to the insurance industry. While quantifying risk is the traditional field of actuarial expertise the new CERA qualification broadens the perspective of actuaries by concentrating on the qualitative aspects of risk management, i.e. the company's strategy and its internal processes. This will enhance the skill set of actuaries considerably, and – in combination with the strong international focus of the CERA credential – open up new career choices for actuaries."

**Steve Mathews**
Steve is a Director of Towers Watson's Risk Consulting and Software Division. He became one of the first nine actuaries in the UK to qualify as a Chartered Enterprise Risk Actuary in 2010. He has spent his entire 18 year career in non-life insurance consultancy with a particular specialisation in commercial insurance and the London market.

As well as extensive involvement in pricing, reserving and strategy development for many different lines of primary and reinsurance business over that time, Steve has become a well-known practitioner in valuing and commuting long tail and latent claims. He has been and continues to be closely involved in helping UK industrial companies to value their liabilities in respect of future asbestos-related liabilities. He has developed models to project future asbestos claims under UK Employers' Liability policies; assisted companies to value portfolios for sale or commutation and has provided reserving and commutation advice in relation to ART disputes and the Accident and Health market of the late 1990s.

For the new European insurance regulations, Solvency 2, Steve has been particularly involved in assisting companies around their internal model development and assessment of risk margins. The wider global moves towards risk-based regulation based on the principles of enterprise risk management (ERM) were an important factor in his decision to become a CERA.

Steve graduated from Bristol University (UK) in 1993 and has been a Fellow of the UK Institute of Actuaries for over 10 years. He is a holder of the Lloyd's Syndicate Actuary Practising Certificate and a member of the London Market Actuaries Group. He speaks regularly at seminars and conferences on insurance topics, has written articles for the insurance press and has served on a number of industry working parties.

**Says Steve** "The CERA qualification has been very helpful in terms of putting the reams of Solvency 2 consultation materials into the context of an ERM framework. This has been helpful to identify the key components that clients should focus on which will make a difference to their risk profile and help them identify, measure and mange risk. It's also helpful that the qualification gives me the authority and confidence to speak on these topics."

CERA

**CERA stands for Chartered (or Certified) Enterprise Risk Analyst (or Actuary)**

# European agenda

**The European actuarial agenda for 2011 will be largely dictated by the EIOPA work programme and the priorities of the European Commission. The main priority, as it has been for some time now, will be Solvency II and, in particular, issues relating to implementation – which were set out in detail in EIOPA's medium-term work programme, published on 6 January** (https://eiopa.europa.eu/fileadmin/tx_dam/files/aboutceiops/WorkinProgress/SolvencyII-Medium-Term-Work-Plan-2011-2014.pdf).

The Groupe Consultatif welcomes the appointment of Gabriel Bernardino as the first Chairman of EIOPA. We have established good contacts with him during his period as Chairman of CEIOPS, and we believe he has an understanding of the actuarial profession, its perspective and concerns, and its ability to play a valuable role in the implementation of Solvency 2.

For the Groupe, the priorities will be

- establish a good working relationship with EIOPA within the new stakeholder structure, and joint work with fellow stakeholders;
- Solvency II, in particular contributing to L2 implementing measures and L3 guidelines, and development of related internal projects and surveys;
- further participation in the gender discrimination issue (on which a ruling from the ECJ is expected at the beginning of March). In October 2010 the Groupe issued a briefing paper, commenting on the use of gender as a rating factor in insurance and some of the possible consequences of prohibiting its use as a rating factor;
- occupational pensions, and follow-up to the Green Paper;
- possible involvement in Pillar 1 pensions and social protection activities;
- response to Commission on review of Directive on Professional Qualification.

In recognition of the growing demands on the Groupe to represent the European actuarial profession, the Groupe has now moved its office from Oxford to Brussels (see new address and contact details above) and expects to take on some additional public affairs resource in the near future. There are many areas of activity of the Commission in Brussels where an actuarial voice is not being heard, for example in relation to the ageing of the population and the consequences for social security and health care financing. Although the Groupe is doing a lot, it needs to do more – and this will require even more volunteers.

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|---|---|
| **9 March 2011** | **End report QIS5** |
| **June 2011** | **Proposal measures of application Solvency 2** |
| **Q2 2011** | **Stress test EIOPA** |
| **Q2 2011** | **Proposal revision MiFID directive** |
| **Q2 2011** | **Vote EP on FICOD directive** |
| **Q2 2011** | **Vote EP on derivates directive** |
| **1 July 2011** | **Start of the Polish presidency** |
| **Q3 2011** | **Whitebook Pensions** |
| **Q4 2011** | **Proposal revision IORP directive** |
| **1 January 2013** | **Start AIFM directive and Solvency 2** |

**Disclaimer**
This timeline has been written with the aim to give a fair representation of the most relevant issues discussed in the policy area concerned. There is a risk that they represent the calendar incorrectly or incompletely although such incorrectness or incompleteness is never intentional.


## colophon

**The European Actuary (TEA) is a bi-annual magazine about international actuarial developments. TEA is written for European actuaries, financial specialists and board members. The magazine is published by a combination of three actuarial associations: Deutsche Aktuarvereinigung, The Institute and Faculty of Actuaries, and Het Actuarieel Genootschap & Actuarieel Instituut. It will appear as an email newsletter, as well as in print. The Editorial Board welcomes comments and reactions you might have after reading this edition. Please feel free to direct them to one of the members of the Editorial Board.**

**The Editorial Board consists of**
**Peter van Meel**
(peter.van.meel@ing.com)
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**Klaus Mattar**
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(laszlo.hrabovszki@generali.de)

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The Actuarial Profession
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