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To: Membres Titulaires, Presidents of AAE Member Associations

Exposure Drafts:

- **Glossary of Defined Terms used in European Actuarial Standards**
- **European Standard of Actuarial Practice 2 (ESAP2) Actuarial Function Report under Directive 2009/138/EC**

Open for comments until 30 July 2021 cob

The AAE has approved ESAP2, the European model standard on the Actuarial Function Report under Directive 2009/138/EC, in the General Assembly meeting on 31 January 2016. As per the Due Process for the Development of European Standards of Actuarial Practice, ESAP2 should be reviewed at least every five years to ensure that it is still up-to-date, relevant and meets the needs of users of actuarial services and of actuaries. The AAE Professionalism Committee requested the Actuarial Standards Subcommittee (ASSC) to conduct this review. For this purpose, the ASSC has formed the ESAP2 Review Task Force.

In its meeting of 11 October 2019, the AAE General Assembly has approved the first version on the Glossary of Defined Terms used in European Actuarial Standards ("AAE Glossary"), covering the defined terms previously defined in ESAP1 (European Standard on General Actuarial Practice). It was then also announced that the AAE Glossary would be updated parallel to the revision of ESAP2. This update is also in scope of the ESAP2 Review Task Force. Note that with the first revision of ESAP3, the AAE Glossary will be updated again.

The ESAP2 Review Task Force has prepared the following documents:

- ESAP2 (2021) – Exposure Draft – 2021.03.28
- ESAP2 (2021) tabular – Exposure Draft – 2021.03.28
- AAE Glossary for ESAP2 (2021) – Exposure Draft – 2021.03.28

The following comments apply to these documents:

- In updating ESAP2, the ESAP2 Review Task Force has carefully considered not to include any requirement that has no foundation in ESAP1 or the Solvency II regulation.
- The tabular version of ESAP2 includes references to Solvency II Regulation underlying the articles of ESAP2. It also includes considerations from the drafting team of the ESAP2 text as approved in 2016, as well as considerations of the ESAP2 Review Task Force.
- The changes in the AAE Glossary have no consequences for ESAP1.
- For all three documents a Track Change version is available. The Track Change version of the ESAP2 exposure draft does not show minor formatting, lay-out and renumbering changes (to better present the relevant changes).

The main changes in the AAE Glossary and ESAP2 are also presented in the attached file. For a comprehensive overview of changes, please refer to the exposure drafts and the track changes versions of the exposure drafts.

In its spring meeting on 16 April 2021, the AAE Professionalism Committee has approved that the ESAP2 exposure draft and the AAE Glossary exposure draft can be submitted for consultation to the AAE Member Associations.

The AAE would like to get views from the member associations to the following questions

- Do you support the proposed changes to the AAE Glossary?
- Do you have any comment on the content of the AAE Glossary draft?
- Do you support the proposed updates to ESAP2?
- Do you have any comment on the content of the ESAP2 exposure draft?
- Do you have any other comments?

According to the AAE Due Process for ESAPs the consultation is open for a period of three months. We look forward to receiving your replies by **30 July 2021**. However, to be able to consider responses timely before the Annual meetings of the AAE at the end of September 2021, we encourage earlier submission of responses.

Please send your comments to:

- Jules Krijgsman van Spangenberg (jules.krijgsman.van.spangenberg@pwc.com) and
- Hillevi Mannonen (hillevi.mannonen@elisanet.fi)
- with a copy to Monique Schuilenburg (moniques@actuary.eu).

Kindly note that if we do not receive your comments by 30 July 2021 cob we will assume that you approve the content of the updated ESAP2 and Glossary.

Actuarial Standards Subcommittee

Hillevi Mannonen,
Chairperson of the Actuarial Standards Subcommittee