

Q2 AAE Board Report to MAs

July 2021

1) INTRODUCTION

In this newsletter the Board of the AAE wants to inform you about developments during the second quarter of 2021.

2) AAE BOARD

The AAE Board met three times in the second quarter of 2021: Teams meetings were held on 14 April, 12 May and 16 June 2021.

The Senior Officers met three times in the second quarter of 2021 for preparation purposes (prior to each Board meeting).

Decisions

Forced by the developments around the coronavirus, the Board decided to hold all Board meetings virtually only.

The Board decided to set up a Sustainability and Climate-related Risk Working group under the responsibility of the Risk Management Committee.

The Board decided to terminate the European Climate Index Working Group (EurACI WG) and informed the members of the new Sustainability and Climate-related Risks Working Group.

The Board decided to approve to issue an electronic vote for the approval of the EAN on IORPII.

The Board decided to organise a Presidents' Meeting on 30 June 2021.

The Board decided that the Artificial Intelligence and Data Science (AI-DS) working group should report directly to the AAE Board in order to streamline the execution of the strategy and ensure optimal coordination across committees.

The Board approved the financial statements following the audit of FY 2020 and issued the Honorary Treasurer 2020 report to the Membres Titulaires.

The Board decided to update the guidelines for appointing vice-chairpersons for a committee in order to be more consistent with the term of office of the chairperson.

Virtual events in 2021

Webinars

The following webinar was held in the second quarter of 2021:

- 18 June 2021: **AAE Mutual Recognition Agreement – What is it for, how does it work and what is its future?**
85 participants registered to attend this webinar.

European Actuarial Days 2021

- 2-3 June 2021: **European Actuarial Days (EAD) 2021**
275 participants registered to attend this event.

The Board decided to organise the following webinars/virtual events:

Webinars:

- Several webinars are in preparation for Q4 of 2021. Dates are still to be determined.

Roundtable

The following roundtable is planned:

- Roundtable on Pandemics in October (date to be confirmed).

Blogs

Blogs written by board members or committee chairs are now a regular feature on the AAE website. In the second quarter, the following blogs were published:

- **We need your help to find the AAE's slogan!** by Gunn Albertsen
- **Did you register for EAD 2021 yet? If not, now is the time to do so!** by Inga Helmane
- **Recipe for success** by Monique Schuilenburg

Meetings with European Stakeholders

An overview of meetings with stakeholders in 2021 second quarter can be found at the end of this document as Annex 1, as well as on the AAE website under 'Members Only/Meetings with Stakeholders' or using this [link](#). Please note that a login will be required.

Press releases, Consultations and other publications

Consultations

The AAE regularly responds to consultations that are of actuarial interest. Following these responses AAE publishes a summary of the response and a link to the full responses and the consultation.

- On 19 April 2021 the AAE commented on the **Commission's green paper on ageing – Demographic change in Europe**.
- On 28 April 2021 the AAE commented on **EIOPA's consultation on Open insurance: accessing and sharing insurance-related data**.
- On 12 May 2021 the AAE commented on the **ESAs consult on Taxonomy-related product disclosures**.
- On 21 May 2021 the AAE commented on the **Commission's Targeted consultation on**

the supervisory convergence and the single rulebook.

AAE Positions and Discussion Papers (publications)

- On 29 June 2021 the AAE issued a **Press Release** announcing the publication of the **AAE Position Paper 'Insurability and pandemic (or more generally, shared resilience) risk'**

The European Actuary

- On 1 June 2021 the AAE issued **the new edition of The European Actuary (no. 26 June 2021).**
- On 7 June 2021 the AAE issued a **News item: 'How do you take lessons from the disrupted technology companies and building habits techniques?'**
- On 10 June 2021 the AAE issued a **News item: 'How can you fix the financial system in order to fix the economy?'**
- On 14 June 2021 the AAE issued a **News item: 'There is still a lot of work to do on the German pension dashboard!'**
- On 17 June 2021 the AAE issued a **News item: "Sustainability has many aspects, corona learned us"**
- On 21 June 2021 the AAE issued a **News item: 'Assumptions are always a challenge for Actuaries. How to check them?'**
- On 24 June 2021 the AAE issued a **News item: 'Why is the focus of the actuarial profession on climate-related risks and opportunities, rather than the multiple broader impacts of climate change?'**
- On 28 June 2021 the AAE issued a **News item: 'Monetary policy - the current trajectory is not sustainable'**

News items

- On 13 April 2021 the AAE issued a **News item** announcing that the video of the AAE Roundtable on Sustainability and Climate Risks is available on actuvew.
- On 19 April 2021 the AAE issued a **News item** announcing the search for a slogan for AAE.
- On 22 April 2021 the AAE issued a **News item** announcing that registration for the European Actuarial Days 2021 (EAD 2021) is open.

All press releases and news items are available **on the website under AAE News.**

All issues of the European Actuary magazine are available **on the website under Publications**

All publications are available **on the website under Publications.**

3) AAE COMMITTEES

Education Committee (EC)

The last meeting of the AAE Education Committee took place on 15 April 2021 as a web conference with over 25 delegates and observers from 20 different member associations. The virtual meeting was conducted for the third time in this way and worked very well.

Implementation of the AAE Core Syllabus

The committee in general agreed on an excel spreadsheet for AAE member associations to perform a mapping of the local education requirements against the AAE Core Syllabus.

In addition, a timeline was drafted according to which associations will be contacted in the second half of 2021 to perform the review.

CPD

Members of the Committee supported the work of a joint task force with the Professionalism Committee on further developing AAE's CPD guidelines to be included into the Mutual Recognition Agreement.

European Actuarial Days 2021

Several members of the AAE Education Committee supported the work of the Program Committee for selecting the talks for the first European Actuarial Days 2021 (EAD 2021) and also supported the event by moderating technical sessions on 2 and 3 June 2021.

COVID-19

Members of the committee used the last meeting to share their experiences in dealing with the COVID-19 pandemic and its consequences for education and examination.

It was noted that different qualification routes ask for different solutions. For example, university exams run under specific paradigms whereas professional exams for candidates already working might have a different focus.

Education in Professionalism

A small task force was set up in October 2020 to discuss the necessity of professional and ethical education for actuaries.

As a first result a two days course will be offered. The material might be used in different formats in the future.

Insurance Committee (IC)

The year 2021 second quartile started with AAE half year meeting. The IC decided to keep the meeting via MS Teams which resulted as a success as people were able to see other participants and even some discussions during the meeting. The other main activities for IC during the Q2 has been:

- Solvency II WG has continued to follow closely the discussion around the Solvency II review but also finalized the drafts of some of the background papers like the extrapolation one. Also, the SII Covid-19 survey has been more or less finalized.
- Declan Lavelle announced that He will need to step down after AAE Annual meetings 2021 from his position as the chairperson of the working group (WG) due to being appointed to lead the Irish actuarial society. A search for a new chairperson is under progress. The WG has been working with 2 different consultations around the use of USP's (in SII).
- IFRS17 WG has not been very busy in the last months as activities slowed a lot after last year end. Anyway, the IC needs to have a decision in the annual meeting about the continuance of WG as its term ends on the year end 2021. The preliminary idea is to continue the WG but change the angle bit more into IFRS17 implementation in Europe.
- The low interest rates WG has been busy working with a couple of different work streams. Sam Achord, the new chairperson that started on March 2021 has been able to continue the good work. He has also started one additional work stream to investigate the topic of actuarial fairness.
- Consumer protection working group has been working a lot with the value for money on UL business consultation by EIOPA. Also, a meeting with EIOPA was held on this topic on the 11th of June and a number of topics were identified where AAE can assist EIOPA in the near future.
- An IC telco was held on 22nd June to discuss the on-going activities and prepare for the Annual meeting. The topic for the IC webinar was discussed and a decision to go forward with a macro prudential topic was made. The timing is still open, preferably October or November would be the optimal choices.
- Daphne De Leval was also appointed as one of the two vice-chairpersons of the new AAE sustainability WG.
- IC responded or prepared answers to couple of consultations during the Q2. These have all been reported to board earlier.

Pensions Committee (PC)

1. EIOPA consultations

During the second quarter the AAE Board decided the PC to take part in the two EIOPA consultations on IORPs:

- The response on **the Green Paper on Ageing Consultation** was prepared by the SSSC and published in April.
- **Consultation paper on draft Opinion on the supervisory reporting of costs and charges of IORPs**, deadline for responses 22 July 2021.
The public consultation was launched in April 2021. The objective of the consultation is to learn from existing practices with regard to the transparent cost reporting at the national level and to receive feedback on suggested approach. The draft version of the response is prepared for the Board review.
- **Consultation paper on long-term risk assessment by IORPs providing DC schemes**, deadline for responses 22 July 2021.
The public consultation was launched in April 2021. The objective of the initiative is to develop common supervisory approaches to the risk management from the perspective of members and beneficiaries, including long-term projections of future retirement income. The opinion of PC' members is that the determination of the risk tolerance of DC members and beneficiaries and the interaction with the investment strategy are not covered sufficiently in the paper. The draft version of the response is prepared and provided for the Board review.
- With regard to the last open consultation on the methodological **Framework for Stress-testing IORPs**, the Cash Flow Task Force was established. The chairperson of the TF will be Susanna Adelhardt.

2. Gabor Borza was nominated as one of the two vice-chairpersons of the **Sustainability WG**.

3. **Social Security Subcommittee finalized the discussion paper "Our future role as Social Security Actuaries in Europe".**

Several different aspects of that topic are considered in the paper:

- What would be our contribution to the wellbeing of the society?
- The collaboration with other international organizations to consider the international experience in the development of this paper;
- What role can we play on the different topics included in SS?
- The Board members reviewed the paper in June. Discussion call was organized between Falco Valkenburg, Philippe Demol, members of the working group, Maria Economou and Tatiana Bitunska.

4. **AAE webinars and presentations**

As a professional association of the actuaries the AAE was invited by the TAIEX Expert Mission to contribute to the **online conference "Impact of COVID-19 on actuarial projections"** (12, 13 and 14 April), organized in co-operation with The Ministry of Labour and Social Protection of Population of Azerbaijan.

Dr. David Bogataj, Daniela Martini and Raffaello Marcelloni participated in the event on behalf of the AAE Social Security Subcommittee, by giving presentations.

Professionalism Committee (ProfC)

Actuarial Standards Sub-Committee (ASSC):

- **EAN on IORP II:** the EAN was approved by the ProfC and the AAE General Assembly and it has been published as EAN 2.
- **ESAP2 Review Task Force:** the ProfC approved to expose the ESAP2 document for consultation. Thereafter, and if the consultation is successful, the ESAP2 review will be submitted for approval to the General Assembly.

Future of Actuaries:

- **Artificial Intelligence and Data Science workstream:** The workstream finalized its strategy and presented it during the ProfC meeting. The ProfC proposed that this workstream should report directly to the AAE Board in order to streamline the execution of the strategy and ensure optimal coordination across Committees. The AAE Board supported this proposal unanimously.
- **Professional Judgement workstream:** the EAN on Professional Judgement has been finalized and needs to be approved by the ProfC before being submitted for exposure.
- **Legal Recognition workstream:** the workstream is preparing a consultation paper to understand the Member Associations' specific needs.

MRA Task Force:

- The ProfC approved to expose the MRA amendments, the CPD guidelines and the Statutes for consultation. The deadline for the consultation is 31.08.2021. After collecting the feedback from the consultation and doing a final legal review, the goal is to get the final approval for this proposal at the General Assembly taking place in Switzerland in October 2021.

Risk Management Committee (RMC)

The RMC met on 15 April 2021. During this meeting the RMC discussed, among other topics:

- (a) Initial responses to a survey of its members on reputational and conduct risks, particularly elements of the survey that relating to product design, product profitability / pricing, fairness between clients and communication / information provided to clients. As well as providing valuable insights to RMC members, the survey results will hopefully help when update relevant guidelines for actuarial work and help the AAE respond to current or forthcoming EIOPA consultations.
- (b) Sustainability and Environmental, Social and Governance issues, including recent EIOPA material on how to consider climate risks beyond the one-year time horizon through the system of governance, risk management system and ORSA

- (c) Modelling and digitalisation, with some appetite being expressed to start more work on cyber risk, model risk and the potential for FinTech to disrupt existing business models.

The AAE agreed to set up a Sustainability and Climate-Related Risks Working Group that will report to the RMC. The Working Group will initially be chaired by the vice-chairperson of the RMC. The chairperson will be supported by two vice-chairpersons that have their roots in the insurance committee respectively the pensions committee. A call for volunteers to join the Working Group was sent out in May 2021 and has had a good response.

During the quarter RMC members also continued to contribute to other AAE workstreams, such as the AAE's Solvency II Working Group and an AAE group preparing a paper on pandemic risk and shared resilience solutions (this paper was published in June 2021).

4) MISCELLANEOUS

- We advise you to regularly check our **website** under 'Members Only' for the latest news.
- All other (detailed) information of AAE committee meetings can be found at our website (**www.actuary.eu**) under 'Members Only' or through this **link**.
- For additional information please contact Monique Schuilenburg, Operations Manager at **moniques@actuary.eu**.

ANNEX 1

An overview of contacts with external parties, stakeholders and member associations 2021 Q3

Date	Stakeholder	Venue	Stakeholder delegate(s)	AAE delegation
12-14 April 2021	DG NEAR TAIEX 3-day event on the impact of Covid-19 regarding mortality change and economic impact (for the Social Ministry of Azerbaijan)	virtual		David Bogataj, Daniela Martini, Raffaello Marcelloni
26-Apr-21	Eurostat AAE to present the actuarial perspective regarding the communication of the T29 results	Virtual		Costas Stavrakis
29-Apr-21	DAV Annual Meeting Panel discussion Solvency II, moderated by Frank Schiller	Virtual	Didier Millerot, Frank Grund (Supervisory Head of Germany)	Wilhelm Schneemeier
27-May-21	EC/ECB Joint EC/ECB Conference on European Financial Integration and Stability	virtual		Mária Kamenárová, Falco Valkenburg
27-May-21	CERA Days	virtual		Mária Kamenárová
3-4 June 2021	Czech Society of Actuaries Invited to present AAE as vice-chairperson	virtual		Mária Kamenárová
10-Jun-21	Insurance Europe Topics: Digitalisation, Covid-19 and pandemics, Sustainability, Solvency II review	virtual	Olav Jones, Nicolas Jeanmart, William Vidonja	Wilhelm Schneemeier, Maria Kamenarova, Falco Valkenburg, Lutz Wilhelmy
11 June 2021	EIOPA Expert meeting on consultation on value for money risk	virtual	Marco Traversa, Timothy Shakesby, Jochem Kimman, Alessandro Miraglia, Arianna Brina	Valéry Jost, Tobias Rieck, Mária Kamenarová, Lauri Saraste
15 June 2021	EIOPA's risk-free interest rate term structures / IBOR transition	Virtual	Aris Dalamangas	Siegbert Baldauf, Malcolm Kemp
21 June 2021	Accountancy Europe Sustainable Corporate Governance	virtual	MEP Heidi Hautala	Mária Kamenárová, Esko Kivisaari
23 June 2021	EIOPA Value for Money risks in the European unit-linked market	virtual		Valéry Jost
25 June 2021	IFoA Presidential Address 2021	Virtual	Louise Pryor	Wilhelm Schneemeier, Falco Valkenburg
28-Jun-21	EIOPA Workshop on insurance gap dashboard	virtual	Marie Scholer, Carlos Guine	Declan Lavelle, Daphné De Leval, Jan Martinek