

July 2021

AAE WORKING GROUP ON ARTIFICIAL INTELLIGENCE AND DATA SCIENCE TERMS OF REFERENCE

Whereas,

- different areas in the use of novel technology (“Big Data”, “Artificial Intelligence” etc.) are on fundamentally different phases of their development (“Big Data” is in many senses state of the art “Data Science”, of course developing all the time, while “Artificial Intelligence” holds many promises of huge benefits, but might be more on the way through the trough of disillusionment, to quote the Gartner graph),
- on a theoretical level there is not interest only in Europe but across the world: the IAA has the Data Analytics Forum that is expected to look at the “scientific” aspect of novel technologies;
- the European aspect is dominated by different initiatives to look at the ethics of the use of data and the concept of data privacy. One demonstration of this is the General Data Protection Regulation (“GDPR”). The European approach might be said to be open to innovation and progress, while taking care of the advances being for the benefit of individuals and societies. Therefore, the GDPR is unique globally and might be one of the ways of making the utilization of novel technologies responsible;
- if insurance and pension industries do not use techniques of predictive analytics responsibly, there will be a global backlash, initiated by different scandals, that will make it impossible to reap the benefits of novel technologies;
- The AAE should both reactively and proactively work along with the EU agenda – it should react to what the EU proposes and also try to influence the agenda of different EU institutions. Taking into account of EU priorities this would most probably exhibit itself in the area of responsible or ethical use of the novel tools;
- different European actuarial associations have their own ways of keeping their members aware of developments and educating their members to use novel techniques – this Working Group should aid in sharing experiences and spreading good practices among European associations;
- actuaries are concerned over imprudent practices of using novel technologies without the safeguards of codes of conduct. This Working Group should consider the need for European standards of actuarial practice to establish qualified actuaries as the trustworthy partner in the responsible use of novel techniques;

the Working Group will consider, from the point of view of the actuarial profession, all matters relating to artificial intelligence (AI) and data science (DS) from a European perspective, report to the AAE Board and make proposals on actions required. In particular, the Working Group will:

1. present through the AAE the views of the actuarial profession in Europe on matters of concern to the profession in the fields of AI&DS to the European Institutions, particularly the European Commission, EIOPA and the European Parliament, and, where appropriate, to other organisations in Europe;
2. encourage and promote the development, maintenance and enhancement of professional actuarial practice in Europe;
3. where appropriate, inform and collaborate with different Committees of the AAE in considering issues of joint concern, to ensure a coordinated approach, in particular when making submissions to the European Commission and other external organisations;
4. develop position papers on AI&DS issues for submission to interested organisations, including the European Insurance and Occupational Pensions Authority (EIOPA);
5. consider issues relating to the professional conduct of actuaries and the provision of actuarial services in Europe, including the need for ESAPs or EANs to be developed, and make recommendations to the PC as appropriate;
6. promote and encourage the development of actuarial skills in AI&DS within the actuarial profession in Europe, having regard to the AAE's Core Syllabus for Actuarial Training in Europe, and make recommendations, wherever appropriate, to the AAE's Education Committee on subjects relating to AI&DS;
7. promote the AAE as a natural and credible professional association for (actuarially oriented) data scientists;
8. provide a meeting and discussion platform for actuaries and other professionals working in the relevant areas;
9. liaise with the Data Analytics Forum of the International Actuarial Association especially in topics deemed to be more in the "scientific" area;
10. proactively identify new opportunities and relevant areas of interest.

The Terms of Reference were approved by the AAE Board on 14 July 2021.