

MEETING OF THE INSURANCE COMMITTEE

HELD ONLINE

ON THURSDAY 31 MARCH 2022 FROM 14.00-18:00 CEST

MINUTES

1. **OPENING OF THE MEETING AND ADOPTION OF THE AGENDA**

The chairperson welcomed everybody to the insurance committee virtual meeting. He hoped that everyone will have the possibility to meet in a face-to-face meeting in the next annual meeting. Chairperson also encouraged everyone to participate on the ECA which will be held in start June in Madrid and said that there was still couple of slots open if anyone was up to giving a presentation.

The agenda was approved, anyway the chairperson informed that the ESAP 3 review had not started yet and was not presented today but updates to follow in IC's next call. Also the work around the right to be forgotten topic was not started yet and thus also missing today.

2. **MINUTES OF PREVIOUS MEETING – 5 min**

2.1 The minutes of the hybrid meeting held in Sursee on 30 September 2021 were approved (a further copy is attached at **Annex 2.1**).

2.2 The minutes from the teleconferences held on [15 December 2021](#) (**Annex 2.2a**) and also on [11 March 2022](#) (**Annex 2.2b**) were also approved without changes.

2.3 It was noted that [the quarterly committee reports](#) was published on the AAE website (committee reports are part of the Board reports to MAs). The latest version - issued January 2022 - is attached as **Annex 2.3**.

2.4 No additional item were noted.

3. **REVIEW IC PLAN – 20 min** → Was shifted after No 13 'AAE going to wider fields'

3.1 The chairperson went through the plan which seemed to be more or less updated but said that he and Daphne would go it through once more and check this. Some new topics like 'right to be forgotten', ESAP3 review and anything arising from the AAE key priorities were missing. No comments were received at this stage.

4. **WEBINARS – 10 min**

4.1 The topic for the next IC annual webinar which is preliminary scheduled to 23rd Nov 2022 was discussed. It was decided to block this one to focus solely on the on-going Solvency II review and that Solvency II wg would be in charge of preparations.

Daphné pointed out that also some of the (Solvency related) Sustainability topics could be covered also.

- 4.2 It was also discussed what topic IC would bring to the ‘convention A’ - event that is preliminarily scheduled for 22nd of September 2022. The IC should prepare an appr. 45 min presentation that would potentially also interest the global audience and can be of technical nature. The chairperson noted that in “the general part” there are already some topics relating to IFRS 17 so possible topics could come from other wg’s, LIR or non-life wg being the best candidates to provide something that would interest global audience. Sam said that his wg would be interested to offer a topic and said that e.g. liquidity risk could definitely be one good candidate. It was decided to go forward with **preparing a** presentation on liquidity risk but more work was needed to close the title and details.

5. **CONSULTATIONS AND RESPONSES – 10 min**

- 5.1 The chairperson went through the past half year consultation and thanked all wg’s, their members and IC members for being active and providing input.

- [EIOPA's consultation on the approach to the supervision of run-off undertakings.](#)
- [EIOPA's consultation on the amendments of supervisory reporting and disclosure requirements.](#)
- [EIOPA's Consultation on the revision of the Guidelines on Contract Boundaries](#)
- [EIOPA's Consultation on the revision of the Guidelines on Valuation of Technical Provisions](#)
- [Commission's proposal on: Insurance & reinsurance firms – review of prudential rules \(Solvency II Directive\)](#)
- [Consultation on the application guidance on climate change risk scenarios in the ORSA](#)
- [Public consultation on retail investor protection](#)

- 5.2 No outstanding consultations was identified.

6. **SUSTAINABILITY AND CLIMATE-RELATED RISKS WG – 5 min**

Daphné de Leval gave a short update of the WG activities. To be discussed how IC and its wg’s can best co-operate with this working group.

Daphné shared some slides on the recent activities from the SCrR wg. She told for instance what EIOPA is currently doing in the pilot exercise but promised to provide more information about this in IC’s next call. Also the reputational risk-paper is almost ready but was open for final comments to April 8th. She also told that they are thinking of establishing a fourth task force, for sustainable products, to look more closely questions like how to avoid green washing in underwriting and investing. The wg has meetings in Bi-monthly basis.

The chairperson thanked on the work and said that because there are lots of issues happening on sustainability it is important to ensure good communication within the AAE but also align as much as possible align with IAA work on this also. Gabor Hanak (chair of IAA’s climate risk TF) noted also that there is a lot of common themes between AAE and IAA. He said the IAA TF had sent a letter to AAE but was still waiting for official response. One problem identified in the connection with IAA was that not so many overlapping members were in those (only 3).

7. UPDATE ON EUROPEAN ISSUES – 20 min

7.1 The chairperson gave an update on the EIOPA Insurance & Reinsurance Stakeholder Group (IRSG) work and also some selected topics on European agenda in more general (Annex 9.1). For instance, He told that EIOPA is about to update their strategy this year as the earlier one was made for 2016-2019. Also EIOPA had been trying to find some legal ways to get the power for forcing the industry to publishing the company level results on stress tests. The industry has been reluctant to publish the results in history and this way EIOPA aims to make a change. He also mentioned on several other topics e.g. value for money on UL, thematic review on bank assurance, and sustainability finance work.

8. LOW INTEREST RATE WORKING GROUP (LIR) – 20 min

8.1 Samuel Achord went through the working group work plan and the focus areas (Annex 12.1). He showed how the wg workplan looked against certain measures like; impacts, adaptations, reports, liaison and consumer protection. After that he introduced the Five different projects which were:

- liquidity risk in a low interest rate environment
- product innovation, cost of guarantees
- stress testing in low interest rate environment
- inflation, effects and liquidity
- fairness in the face of write-downs

Istvan asked about the future of LIR wg in the world of high interest rates? He told that in Hungary the rates are already really high, higher than they have been for 10 years. Sam said that real rates are still low but obviously some changes could be considered. Daphné suggested that maybe we should just call the wg as interest rate working group. This suggestion was welcomed and noted that the possible wg name change would be something to come back with. There was also a discussion on which market consistent inflation rate should be used in the current environment.

9. IFRS17 – 10 min

9.1 Kristoffer Bork gave an update on the latest work and commented specially on what had been happening around the IAN100 work (Annex 13.1). The chairperson asked about the Due process and it seemed that the final draft needs to be ready before July. This seemed to be possible.

There was also a meeting scheduled with Accountancy Europe at the end of April. This was still under preparation. Kristoffer told also that a survey was to be launched in June on 'To what extent have insurance companies in Europe gained synergy between the Solvency II balance sheet and IFRS 17 framework and reporting'. The aim was to collect responses in August and then provide a presentation in September in convention A. Nils commented that collecting answers on possible synergies from SII and IFRS 17 was a very interesting theme.

10. NON-LIFE ISSUES – 20 min

10.1 Cyriague went through some slides on the work of the Non-Life working group (Annex 10.1) He told that after the start of the pandemic, members have been less and less active and they are working to get more active members. He told about a workstream on EIOPA consultation on how to deal with inflation in reserving and pricing. They seemed to work also with some other issues, depending on the activeness of the members, such as:

- private vs public in non-life insurance model

- telematics in pricing
- actuarial contribution to sustainability
- should insurance companies somehow incentivize by investing into ESG?

Daphné said that the initiative in inflation sounded really good and said that it should also cover reinsurance.

The chairperson thanked of the good work and asked everyone to think about possible active volunteers to the wg.

11. **SOLVENCY II – 45 min**

11.1 Siegbert, as the Solvency II working group chairperson, made a comprehensive presentation on the Solvency II review. In his presentation, he went through and the latest draft legislations that are publicly available. He talked about:

- Requirements and expectations like financing the post COVID-19 economic recovery, CMU and European Green Deal
- Review process; what directive says and what are the extras such as increased proportionality, sustainability and remove obstacles for LT sustainable financing. The earliest into force year is 2024 but most probably goes to 2025
- Proposed amendments on Pillar 1 which are widely all that goes under the LTG measures (extrapolation of the RFR, Volatility Adjustment, symmetric adjustment to equity risk charge, extension of recovery period and transitional measures. Also some other like correlation matrices, risk margin and interest rate risk are being looked under the review process.
- There seems also to be other proposed amendments like ORSA requirements, sustainability quite widely, reporting (SFCR), audit requirements, proportionality and macro-prudential tools

Istvan asked whether level 2 would be available before 2024. This was likely but still commission has been unbending on finalizing the directive before level 2. It was also noted that the extrapolation issue is crucial for Germany and that a lot of debate is still going on there.

11.2 Siegbert continued shortly on the new IRRD directive proposal and what AAE should do in order to find an opinion of the various areas of the proposal and also to be able to communicate efficiently. He said that EIOPA has already started the work 5 years ago and many consultations have been following this work. Now the IGS concept is excluded from the directive proposal but many of the issues are still under discussion still. The European consensus seems to be that the IRRD could still be modified or delayed and that Solvency II is the more important package but also there is already framework existing in some member countries.

After Siegbert presentation, there was a vivid discussion on the various aspects that should be brought into the discussion. Also different business models and country specialties should be looked quite carefully.

Maria said that AAE is expecting a one pager on this topic which is a tool in board but also needed when meeting shareholder in order to crystalize the communication around this. It was decided to do such a one pager in the following week.

The chairperson said also that IC will also need to produce a survey to gain more information and knowledge on this issue.

- 11.3 No comment was received for the members on any important recent developments in relation to Solvency II in their country.
12. **CONSUMER PROTECTION WORKING GROUP – 20 min**
Valery Jost was absent and therefore this topic was just noted shortly and told that possible update will be provided afterwards.
13. **AAE GOING TO WIDER FIELDS – 15 min**
Giampaolo Crenca from the AAE board was not able to participate so this topic was forwarded to another meeting.
14. **JOINT COMMITTEE MEETING – 5 min**
The chairperson noted the agenda of the Joint Meeting of the Insurance, Pensions and Risk Management Committees that was held on the same morning. He also said that if members have some ideas for future joint meeting agendas, please send/tell them to him before the planning joint committee meetings.
15. **MEETING WITH EXTERNAL ORGANISATIONS AND STAKEHOLDERS – 5 min**
This was just noted.
16. **EXCHANGE OF NEWS ON CURRENT ISSUES – 10 min**
There were no comments received.
17. **ANY OTHER BUSINESS – 5 min**
No other business was noted.
18. **NEXT MEETING**
The chairperson thanked all the participants for being active and also noted that the next meeting will be held in Rome, Italy, on 6 October 2022 (tbc) at the invitation of ISOA and in conjunction with the AAE Annual Meeting. In the end also a video of Italian actuary society was presented.
Maria also invited all to ECA in Madrid in the beginning of June 2022.

Annex 0.1

**Participants Insurance Committee meeting
31 March 2022**

| | Family name | First name | Member Association | Country | Role |
|----|--------------------|-------------------|-----------------------------------|-----------------|--------------------|
| 1 | Kainhofer | Reinhold | AVÖ | Austria | Delegate |
| 2 | Krischanitz | Christoph | AVÖ | Austria | Observer |
| 3 | De Leval | Daphné | IABE | Belgium | Vice-chair |
| 4 | Demol | Philippe | IABE | Belgium | Observer |
| 5 | Dermendzhyska | Lyubimka | Bulgarian Actuarial Society | Bulgaria | Observer |
| 6 | Poulding | Mike | Channel Islands Actuarial Ass. | Channel Islands | Delegate |
| 7 | Jusko | Martin | Ceská Spolecnost Aktuáru | Czech Rep. | Observer |
| 8 | Bork | Kristoffer | Den Danske Aktuarforening | Denmark | Chair IFRS17 WG |
| 9 | O'Byrne | Conor | Den Danske Aktuarforening | Denmark | Delegate |
| 10 | Achord | Sam | Den Danske Aktuarforening | Denmark | Chair LIR |
| 11 | Aaltonen | Inna | The Actuarial Society of Finland | Finland | Delegate |
| 12 | Saraste | Lauri | Suomen Aktuaariyhdistys | Finland | Chair |
| 13 | Mannonen | Hillevi | Suomen Aktuaariyhdistys | Finland | Observer |
| 14 | Pillaudin | Matthias | Institut des Actuaire | France | Observer |
| 15 | Tegua | Cyriaque | Institut des Actuaire | France | Chair NLWG |
| 16 | Béhar | Thomas | Institut des Actuaire | France | Observer |
| 17 | Baldauf | Siegbert | DAV / AAE | Germany | SII Project Man. |
| 18 | Dennstedt | Nils | DAV | Germany | Delegate |
| 19 | Schneemeier | Wilhelm | DAV | Germany | Observer |
| 20 | Szabó | Zoltán | MAT | Hungary | Observer |
| 21 | Hanak | Gabor | MAT | Hungary | Observer |
| 22 | Kerenyi | Istvan | MAT | Hungary | Delegate |
| 23 | Sammartini | Giovanni | ISOA | Italy | Delegate |
| 24 | Mocane | Baiba | Latvijas Aaktuāru Asociācija | Latvia | Delegate |
| 25 | Valeiša | Evaldas | Lietuvos Aktuaru Draugija | Lithuania | Delegate |
| 26 | Ramdien-Sonai | Debbie | Koninklijk Actuarieel Genootschap | Netherlands | Delegate |
| 27 | Sollie | Mats | Den Norske Aktuarforening | Norway | Delegate |
| 28 | Albertsen | Gunn | Actuarial Association of Europe | Norway | Observer |
| 29 | Shier | Philip | SAI | Rep. of Ireland | Observer |
| 30 | Marron | Dermot | SAI | Rep. of Ireland | Observer |
| 31 | Claffey | Michael | Society of Actuaries in Ireland | Rep. of Ireland | Observer |
| 32 | Hancar | Jozef | Slovak Society of Actuaries | Slovakia | Delegate |
| 33 | Kamenarova | Maria | Slovak Society of Actuaries | Slovakia | AAE Board-Observer |
| 34 | Milner | Aitor | Instituto de Actuarios Españoles | Spain | Delegate |
| 35 | Campbell | Malcolm | Association Suisse des Actuaire | Sweden | Observer |
| 36 | Lundgren | Maryna | Association Suisse des Actuaire | Sweden | Delegate |
| 37 | Bamberger | Michael | Swiss Association of Actuaries | Switzerland | Delegate |
| 38 | Thomson | Kartina Tahir | IFoA | United Kingdom | Delegate |
| 39 | Wildsmith | Tom | American Academy of Actuaries | USA | Observer |