

# AAE Board Report to MAs July 2022

## 1) INTRODUCTION

In this report the Board of the AAE wants to inform you about developments during the second quarter of 2022.

## 2) AAE BOARD

The AAE Board met three times in the second quarter of 2022: conference calls were held on 3 May and 15 June 2022. A physical Board meeting took place on 1 June 2022 in Madrid, Spain.

The Senior Officers met three times in the second quarter of 2022 for preparation purposes (prior to each Board meeting).

AAE main areas of focus:

- Macprudential considerations / Solvency II - preparation of AAE position to EU regulation IRRD and Solvency II review
- IFRS 17 – questionnaire on IFRS 17 implementation
- Sustainability - AAE position
- Pension Adequacy – new AAE paper
- Professionalism – Code of Conduct review and Fit and Proper, TF Data Science Syllabus
- AI, data science, digitalization

### *Decisions*

The Extended Call for Nominations 2022 for the position of AAE vice-chairperson was issued on 6 April with a deadline of 12 May 2022. Nominations were discussed in the Nominations Panel after which they will share their recommendations with the Board. The Membres Titulaires were informed of the recommendations on 9 June 2022.

The Board approved the Terms of Reference for the Task Force Fit and Proper. Additional volunteers were found, and the Task Force will present their report at Convention A as well as at the AAE Annual Meeting in Rome, Italy.

The Board decided to put activities on hold for the Task Force Intergenerational Fairness, due to lack of resources and volunteers.

The Board approved the Terms of Reference of the new TF Data Science Syllabus.

The Board approved the [AAE video](#) prepared by the Communications Panel. This video was shown for the first time at ECA 2022. This video is available on the AAE website under Publications.

On recommendation of the Communication Panel, in April 2022 the Board decided to launch a regular AAE newsletter for all interested actuaries. This new format is published monthly. Subscribe to the mailing list here: [LINK](#)

The Board approved the Financial Statement of year 2021 as prepared and reviewed by Grant Thornton. The Honorary Treasurer report covering 2021 was shared with the Membres Titulaires on 20 June 2022 (following the governance that it should be submitted at least 3 months in advance of the General Assembly).

AAE Board decided not to continue the work on the AAE Statutes review of article 10.4 related to having at least two Senior Officers from EU member countries based on the recommendation of the task force.

### ***Events in 2022***

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

#### ***Events in Q2 2022 were held on:***

- 2-3 June 2022, **ECA2022 in Madrid, Spain**.  
243 participants attended and the feedback showed that 100% of the participants were generally satisfied with the programme.  
At this event the [AAE video](#) was shared for the first time.
- 30 June 2022 – ‘**Sustainability and the role of the actuary - A professionalism perspective**’- AAE webinar organised by the AAE Professionalism Committee, with 270 registered participants.

### ***Virtual events in 2022***

Scheduled are the following events:

- **Convention A** – a global virtual event scheduled from 19-23 September 2022 which includes 2 sessions hosted by the AAE.
- 23 November 2022 – topic to be determined, webinar organised by the AAE Insurance Committee

### ***Blogs***

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

- **The ECA tradition goes on: European actuaries meet in less than two weeks** – by Mária Kamenárová and Wilhelm Schneemeier

### ***Meetings with European Stakeholders***

An overview of meetings with stakeholders in 2022 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.

Among the various contacts with European Stakeholders, we would like to highlight the following:

- **Accountancy Europe** on 21 April 2022 and discussed the role of the actuary and the IFRS17 which is now released to obtain material to present at Convention A.  
[Link to the IFRS17 survey.](#)
- **EIOPA** on 19 May 2022 and mainly discussed pension related topics.
- **Insurance Europe** on 20 June and discussed various topics of common interest including the Solvency II review, sustainability, digitalization, consumer protection (inc. Right to be forgotten).
- **MEPs Marco Valli, Tommaso Perani, Martin Hojsík** on 28 and 29 June to discuss the Solvency II review and to share the AAE main position on this topic.
- A meeting with Mr Didier Millerot (DG FISMA European Parliament) is scheduled on 15 July to discuss the Solvency II review and to share the AAE main position on this topic.

### ***Press releases, Consultations and other publications***

#### *AAE Positions*

- On 28 June 2022 the AAE published '[Solvency II Review: main positions of the AAE](#)'.

#### *AAE Press Releases and News items*

- On 26 April 2022 the AAE published [a news item](#) reminding people to register for ECA2022.
- On 30 May 2022 the AAE issued a [press release](#) announcing the publication of the [AAE Discussion Paper 'From Labour Supply to Labour Productivity'](#)
- On 2 June 2022 the AAE published [the new AAE video](#).

#### *The European Actuary*

- On 31 May 2022 the AAE issued [the new edition of The European Actuary \(no. 30 - June 2022\)](#).
- On 7 June 2022 the AAE issued a [News item: A severe warning from MP Bart Groothuis for fast growing risks of cyber threats and ransomware](#)
- On 9 June 2022 the AAE issued a [News item: Environmental regulations represent a strong lever for change in the insurance sector](#)
- On 13 June 2022 the AAE issued a [News item: Insurers have to improve their data situation and risk management because emerging risk scenarios are essential](#)
- On 16 June 2022 the AAE issued a [News item: InsurTech needs investments for changing the landscape we are working in](#)
- On 20 June 2022 the AAE issued a [News item: The considerably changed climate scenario modelling ecosystem needs critical minds](#)
- On 23 June 2022 the AAE issued a [News item: How to create sufficient pension benefits for all European citizens](#)
- On 27 June 2022 the AAE issued a [News item: Climate change affects our entire planet and forces actuaries to participate in solutions](#)
- On 30 June 2022 the AAE issued a [News item: Actuaries have a global background in risk management that can be applied to other areas than the insurance sector](#)

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**.

#### ***actuvview***

- After a successful ECA 2022, all session recordings from Madrid are now online on actuvview: <https://www.actuvview.com/event/84>
- The TEA #30 video interview with Bart Groothuis, Member of the European Parliament, on **“Assessing the Cyber Security Risk”** was published in the AAE partner channel on actuvview.
- The registration for CONVENTION A (19 - 23/09/2022, online-only) with more than 150 hours of content from than 30 partners, is open. The AAE will host two sessions during the congress – on the Role of the Actuary, IFRS17, and with latest results from the AAE committees. actuvview users receive a 50% discount (full-access ticket for 105 €) | Register now at [www.convention-a.com](http://www.convention-a.com)

### 3) AAE COMMITTEES

#### Education Committee (EC)

The AAE Education Committee has been rather active in the last weeks and months. One of the main topics of work has been the

##### **Implementation of the AAE Core Syllabus**

The AAE Core Syllabus must be implemented into local education programs by the end of 2022. Before this background the AAE Education Committee is currently reviewing self-assessments of all full member associations. All member associations had been contacted in December 2021 to perform a self-assessment of their local education requirements against the AAE Core Syllabus.

The Committee has set up four separate review groups that are now assessing the provided information. In some cases, the groups are already in discussions with the submitting associations where questions are open.

It is planned to finish the reviews later in 2022.

##### **European Congress of Actuaries 2022**

Several members of the AAE Education Committee supported the work of the Program Committee of the European Congress of Actuaries 2022 which took place on 2 and 3 June 2022 in Madrid, Spain.

The Program Committee was happy to see that the technical part of congress was rated very good and thanks all colleagues that have contributed to the success of the congress by submitting proposals for talks.

##### **Data Science**

There are currently many discussions taking place about how the further development of data science will affect the actuarial profession. On behalf of the AAE Board the Education Committee has set up a task force to develop a data science curriculum for qualified actuaries. This curriculum could be used by experienced colleagues for CPD purposes. The Task Force will meet for the first time in July 2022.

#### Insurance Committee (IC)

The year 2022 Q2 has been busy for Insurance committee as many of its activities has had milestones in this period. The committee activities can be summarized as following:

- Solvency II WG has been updating the AAE positions on both Solvency II review and the IRRD proposals. These positions have then been used in several discussions with different key stakeholders. In AAE spring meetings it was decided to produce a one pager on the most important aspects on the IRRD and this was done by mid-April. The Solvency II review work in the council and in the parliament, with a lot of comments from all the key stakeholders was followed closely and AAE was active here. In end June

AAE positions were updated using the most recent information from both Parliament and the council and the work continues heavily still.

- The IFRS17 wg has been working with the developing an EAN in relation to the IAN100 and this has now been nearly finalized in end June. In the very end of the commenting process some good new comments arrived that will be taken in and will therefore postpone the process a bit. The wg also launched a survey on IFRS 17 that has been sent to all AAE member associations but also via accountancy Europe. The outcome will be ready in Convention A.
- Non-life wg has been working with couple of work streams and for instance inflation and sustainability have been identified as important topics. These both connect well with other AAE activities so more cross-sectoral work inside AAE might be needed in future. Also they have been preparing with the help of Esko Kivisaari the short paper on Environmental Liability Directive. This was a topic that has been identified as an important one by Sirpa Pietikäinen, Finnish MEP.
- The (low) interest rates wg has continued working on three streams; liquidity, inflation and new business & product innovation. The inflation topic has been chosen as the one which IC will present in convention A, the title being 'Inflation from a low rate environment'.
- Consumer protection working group prepared the AAE draft answer to the Public consultation on the advice on PRIIPS which was considering all the ESA's. AAE answer was quite broad concentrating on how to limit information given to consumers where also the complexity was one particular issue. The wg is also following the progress on the value for money which will need reactions this year as it gets more detailed but also as the scope probably will also be widened. Also the ideas around progress on PRIIPS will be followed closely this year.
- The working group around 'the right to be forgotten' has had its first meeting. Still couple of more members are welcome but it was already agreed to connect closely with the actuarial association of Ireland as they have also their own wg around this. The idea is to make use of the work of both sides so that double work is avoided. AAE scope will also be more holistic, European wide than what the Irish are aiming for. Also Insurance Europe is connected to this work. Initial DL for the first drafts will be AAE annual meeting 2022.

#### Pensions Committee (PC)

Following the discussions held during the AAE Spring meetings, the PC' priorities for 2022 have been kept on focus during the second quarter. The relations with external parties were quite intensive and useful.

#### 1. EIOPA meetings and consultations

- At the beginning of April EIOPA invited the AAE to the Launch event on IORPs' Stress Test. During the meeting a special attention was paid on the climate stress test scenarios. Firstly, the PFs resilience against climate change scenario will be assessed. The results are expected to be published in the last months of the year. AAE' PC will collect feedback on the process and the experience on different MAS' markets which will be discussed during the Annual meeting.

- On 19<sup>th</sup> May several members of PC took a part in the EIOPA workshop on the opinions on cost reporting and DC' Risk management of IORPs. Last year, EIOPA published the above mentioned two opinions to assist national competent authorities (NCAs) in supervising the governance and risk management requirements for Institutions for Occupational Retirement Provision (IORPs). The second opinion aims to ensure that risks borne by members and beneficiaries of DC plans are appropriately monitored and managed. Among others a useful information for risk management practices in the biggest IORP in Italy was presented during the workshop.
- A week before an online meeting between AAE Board and EIOPA experts a call was organized with the purpose of discussing important Pensions topics:
  - Stress Test 2022 for IORPs;
  - Pensions Dashboard and Pension Tracking Services.
  - Sustainability topic and Pensions adequacy.

2. **Social Security Subcommittee published a Discussion Paper “From labour supply to labour productivity”**

- In March the SSSC finalized the discussion paper. The paper provides analyses and insights into some of the important issues raised by the European Commission's recent publications; Ageing Report 2021 and Pension Adequacy Report 2021. The paper was reviewed internally and was published at the end of May. An article for this paper was published on the 30<sup>th</sup> issue of TEA magazine. The paper was presented by Maria Economou (chairperson of the SSSC) during the ECA 2022. It also could be included in the program of new initiative - Convention A.
- Mortality TF is working on the, recently published, Eurostat data for the fertility rates in 2020 and the Life expectancy across EU regions in 2020. After finalizing analysis, the prepared graphs will be circulated for discussion between PC's and SSSC's members.

**Professionalism Committee (ProfC)**

**Actuarial Standards Sub-Committee (ASSC):**

- **EAN on Professional Judgement:** The ProfC approved for the European Actuarial Note (EAN) on Professional Judgement to be submitted for consultation and approval to the General Assembly meeting to be held in Rome in October 2022.
- **ESAP 3:** the ASSC is currently reviewing the standards as per the standard review process.



**Compliance Review Task Force:**

- The compliance review is almost finalized and the reviewers are waiting for the feedback of a couple of FMAs on the implementation of recommended amendments.

**IFRS 17:**

- **EAN on IFRS 17:** a task force from the Insurance Committee submitted an EAN on IFRS 17 to the ASSC which reviewed and approved it. Currently, the EAN is under consultation with the ProfC. The goal is to submit the EAN on IFRS 17 for consultation to the AAE Member Associations before July 2022 and get it approved by an electronic vote in early November 2022.

**Roles of actuaries:**

- **Fit and proper:** A task force is working on the “Fit and Proper” report analyzing the gap between the EU regulation requirements (e.g. IORP II and Solvency II) and AAE requirements, if any. In a second step, the goal of the report is to develop recommendations on “Fit and Proper” requirements and on how to ensure that they are also applicable to non-actuaries working on actuarial tasks.
- **Sustainability:** The ProfC in collaboration with the Sustainability and Climate-related Risks Working Group organized a webinar on the role of actuaries with regards to sustainability. 270 participants registered for this webinar.

**Risk Management Committee (RMC)**

The RMC has not itself formally met since its meeting on 31 March 2022. However:

- (a) The Sustainability and Climate Related Risks Working Group (SCRR WG), which reports to the RMC, met on 1 April 2022 and again on 10 June 2022. The SCRR WG itself has several “task forces” that have been categorising different climate change risk models, reviewing climate scenario best practices and exploring sustainable products. More recently it has started work on AAE “Priorities on Sustainability” in coordination with the AAE Board. The SCRR WG also supported the organisation of the webinar “Sustainability and the role of the actuary – a professionalism perspective” held by the AAE Professionalism Committee on 30 June 2022. The RMC’s contribution to Convention A in September 2022 is expected to come from the SCRR WG.
- (b) A paper on “Impact on reputational risks of insurance and pension companies as a result of sustainability issues” prepared by members of the RMC and SCRR WG has been finalised and discussions are now taking place with the Secretariat to identify a suitable route for publication as an AAE paper.
- (c) Individuals have been identified who are willing to join a planned working group / task force on IORP risk management in conjunction with the AAE Pensions Committee, with Martin Melchior currently coordinating this activity.
- (d) Individuals have also been identified who seem willing to explore ERM beyond the financial sector and a kick-off meeting is being planned. The group is not yet well diversified geographically and the hope is to broaden its membership in due course.



Members of the RMC have also continued to assist other AAE Working Groups such as the Solvency II Working Group, e.g. in relation to the IRRD and in relation to the apparent stance of the Parliament Rapporteur on whether to include additional text on climate related risks in the Solvency II framework.

#### Artificial Intelligence/Data Science Working Group (AI/DS)

The Working Group has held four teleconferences during Q2.

Main activities during Q2/2022 have been:

- preparations of a paper on insurability in light of AI-DS have continued. This paper looks at different aspects of insurability and the challenges, and opportunities, modern technology causes to these aspects. Due to some delays the draft did not make its way to the Board by the end of Q2, but it should be arriving soon to the Board.
- the Working group has drafted AAE responses to two Commission consultations, one on Open Finance and another on PSD. The consultations are due by 5 July and they have been sent to the Board reviewers on 28 June
- preparations have started on the topic of what an actuary needs to know of AI-DS. This paper is mainly thought to address the needs of actuaries whose education contained less AI-DS than what is customary to fairly recently qualified actuaries. We have tried to get the insurability paper finalized before really undertaking the work on this second paper.
- The Working Group is creating an AAE Data Challenge. The idea in a nutshell is to have a dataset and a problem to be solved with AI-DS tools. Competitors are then evaluated on how they have succeeded in solving the problem. Due to overlaps with similar national data challenges the AAE Data Challenge is planned to take place early 2023.

## 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](http://www.actuary.eu)**) under 'Members Only' or through this **link**.
- For additional information please contact Monique Schuilenburg, Operations Manager at **[moniques@actuary.eu](mailto:moniques@actuary.eu)**.

## ANNEX 1 Overview of contacts with external parties, stakeholders and member associations - 2022 Q2

Date	Stakeholder	Venue	Stakeholder delegate(s)	AAE delegation
7-Apr-22	EIOPA	virtual	Sandra Hack	Tatiana Bitunska, Susanna Adelhardt, Philippe Demol, Gábor Borza
11-Apr-22	European Parliament	Bratislava	MEP Stefanec	Mária Kamenárová
21-Apr-22	Accountancy Europe	virtual	Hilde Blomme, Paolo Ratti, Nael Braham, Matteo Brusatori	Mária Kamenárová, Lutz Wilhelmy, Kristoffer Bork, Frank Schiller
26-Apr-22	EIOPA	virtual	Petra Hielkema, Justin Wray, Ornella Caruso, Fabian Regele, Pamela Schuermans, Carlos Guine	Mária Kamenárová, Wilhelm Schneemeier, Siegbert Baldauf, Lutz Wilhelmy
28-Apr-22	100th Anniversary Actuarial Society of Finland	Helsinki		Mária Kamenárová
8-May-22	IAA	Brussels	Roseanne Harris, Micheline Dionne, Jan Kars, Mathieu Langelier	Mária Kamenárová, Wilhelm Schneemeier, Lutz Wilhelmy
11-May-22	EIOPA	virtual	Justin Wray, Dimitri Zaferis	Mária Kamenárová, Wilhelm Schneemeier, Lutz Wilhelmy, Tatiana Bitunska, Philippe Demol
19-May-22	EIOPA	virtual	Petra Hielkema, Justin Wray, Ursula Bordas, Patricia Diez & Barthold Kuipers, Jeroen Frens, Luigi Antonelli	Tatiana Bitunska, Philippe Demol, Stefano Visintin, Giampaolo Crenca
24-May-22	75th Anniversary Instituto dos Atuários Portugueses	Lisbon	Paul Embrechts, Michiel Van Der Wardt, Wilhelm Schneemeier, Cansado de Carvalho, Maria João Valente Rosa, and Maria Margarida Corrêa de Aguiar	Wilhelm Schneemeier
2-3 June 2022	ECA2022	Madrid		
20-Jun-22	Insurance Europe	virtual	Olav Jones, Nicolas Jeanmart, William Vidonja	Mária Kamenárová, Lutz Wilhelmy, Wilhelm Schneemeier, Siegbert Baldauf, Lauri Saraste
21-Jun-22	<a href="#">EIOPA 2022 Conference</a>	virtual		Mária Kamenárová, Daphné de Leval
22-23 June 2022	<a href="#">The IFoA Conference</a>	London		Mária Kamenárová
23-Jun-22	IFoA	London	Louise Pryor, Stephen Mann	Mária Kamenárová
28-Jun-22	European Parliament	virtual	Marco Valli and Tommaso Perani	Lutz Wilhelmy, Wilhelm Schneemeier
29-Jun-22	European Parliament	virtual	MEP Martin Hojsik and Marketa Krejci	Mária Kamenárová, Lutz Wilhelmy, Wilhelm Schneemeier