AAE Board Report to MAs January 2023

1) INTRODUCTION

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

2) AAE BOARD

The AAE Board met four times in this period: conference calls were held on 26 October 2022, 14 December 2022; physical Board meetings took place on 5 October 2022 in Rome and on 24 November 2022 in Brussels.

The Senior Officers met four times in this quarter for preparation purposes (prior to each Board meeting).

Decisions

- The Board decided to change the number of issues of this Board report to MAs to be more efficient and not to collide with other priorities. The decision was made to issue 2 reports (in January and June) instead of 4 on a yearly basis using an updated format from June 2023.
- The General Assembly approved the nominated candidates for various positions in the Board and the Nominations Panel on 7 October 2022.
- The General Assembly approved **EAN 3 on professional judgement**.
- The Board approved the updated list of Board liaisons who are first contact point for each Member association. A provision was made, that when the new Board member is elected, the list will be reviewed.
- The Board accepted the application of ISOA Italy to host the next ECA in Rome. The final dates have not yet been selected but will most likely be in June 2024.
- The Board agreed on the strategic priorities for 2023 comprising
    - Solvency Frameworks (SII, IRRD, IORP II)
    - Sustainability (incl. ORSA, consumer protection, fairness, inclusiveness, etc.)
    - Professionalism, Education recognition
    - Artificial Intelligence and Data Science
    - AAE internal (incl. MRA, effective support & processes, office move, events)

- The Board agreed to associate Sponsors for the detailed priorities in the Board. These Ambassadors are to be the preferred discussion partners for the committee chairs in delivering on the priorities.

- The AAE welcomed Annette Aragones as new Operations Assistant. Annette started on 1 December 2022 and will work together with Monique Schuilenburg at the Secretariat.

- The Board approved the updated terms of reference of the working groups Adequacy, Mortality and Methodology and Projections, which all fall under the responsibility of the Pensions Committee and the Social Security Subcommittee.

- The General Assembly approved – by electronic vote – **the appointment of Philip Shier as member of the AAE Nominations Panel.**

- The General Assembly approved **EAN 4 on IFRS17**.

- The General Assembly approved – by electronic vote – **the appointment of Jette Lunding Sandqvist (Denmark) as member of the AAE Board.**

Events in 2022 and 2023

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

Events in Q4 2022 were held on:

- **AAE Webinar 'Solvency II review and AAE's activities'** on 23 November 2022 – organized by the AAE Insurance Committee. Number of participants: 164

Events in scheduled in 2023:

- **Social Security Forum, 21 June 2023**
  This forum will be held virtually and will be a full day event.
- **EAD 2023 – European Actuarial Days 2023, 27 June 2023**
  The virtual event format of AAE had its premiere in 2021. The AAE Board now decided to continue with the EAD every two years alternating with the ECA.
- Several webinars in preparation

Blogs

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

- **Europe faces extraordinary challenges** – by Lutz Wilhelmy, published on 1 November 2022
- **New leaf or empty promises?** – by Jérôme Crugnola-Humbert and Frank Schiller, published on 24 January 2023

Meetings with European Stakeholders

An overview of meetings with stakeholders in 2022 fourth 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 next bi-annual meeting with EIOPA, which is scheduled on 20 January 2023.

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. In Q4 no responses to consultations were submitted.

In Q1 of 2023 the following response was submitted:

- On 10 January 2023 the AAE submitted a response to the **Call for evidence on the European Commission mandate regarding greenwashing**

AAE Positions

- On 14 December 2022 the AAE published **'AAE position on the debate about whether to add additional text on climate change risks into the Solvency II framework'**
- On 14 December 2022 the AAE published **'Sustainability and climate change: main positions of the AAE'** updated after COP 27.
- On 15 December 2022 the AAE published **'AAE position: Environmental Liability Directive – Financial Security and the Polluter Pays Principle'.**
- On 15 December 2022 the AAE published **'AAE position: Sustainability issues and reputational risk for insurance companies and pension funds'.**

AAE Press Releases and News items

- On 7 October 2022 the AAE issued a **press release announcing the appointment of Lutz Wilhelmy as the new AAE Chairperson**
- On 13 October 2022 the AAE published a **news item announcing the approval of EAN3 on Professional Judgement**.
- On 7 November 2022 the AAE published a **news item announcing AAE's support to IFoA's policy briefing 'Climate Emergency – Tipping the Odds in our Favour'.**
- On 21 December 2022 the AAE published a **news item announcing the appointment of Philip Shier as new member of the AAE Nominations Panel.**
- On 3 January 2023 the AAE published a **news item announcing the approval of EAN4 on IFRS17.**
- On 18 January 2023 the AAE published a **press release announcing the publication of the AAE discussion paper 'AI and the opportunities and challenges it presents to insurability'**

AAE Newsletters

- From April 2022 a regular AAE newsletter for all interested actuaries is published. All issues can be found on **the AAE website**.
  Subscribe to the mailing list here: **LINK**

The European Actuary

- On 1 December 2022 the AAE issued **the new edition of The European Actuary (no. 32 - January 2022).**
- On 5 December 2022 the AAE issued a **News item: Concern about attempts to streamline internal documents**
- On 8 December 2022 the AAE issued a **News item: Actuaries can be more and more essential in supporting decision makers**
- On 12 December 2022 the AAE issued a **News item: Insurance companies can better shape recruiting and retention**
- On 15 December 2022 the AAE issued a **News item: There is a bright future for the next generation of actuaries**
- On 19 December 2022 the AAE issued a **News item: Actuaries spent too long thinking that inflation risk was a thing of the past**
- On 21 December 2022 the AAE issued a **News item: Lessons learnt over the past years on IFRS17**
- On 9 January 2023 the AAE issued a **News item: Actuarial associations should take advantage of "Fit and Proper" requirements**

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**.

Actuview

- The TEA #32 video interview with Karel van Hulle, Professor Emeritus at KU Leuven, on **Getting under the Skin of Solvency II** was published in December.
- The recording of AAE´s webinar on **Solvency II review and AAE´s activities** by Siegbert Baldauf has been uploaded to **the AAE partner channel**.
- AAE Member Associations that would like to invite their members again to actuview can contact the actuview team at **contact@actuview.com** at any time to receive new promotion material or additional registration codes

3) AAE COMMITTEES

Education Committee (EC)

The AAE Education Committee met on 6 October 2022 in Rome in conjunction with the AAE Annual Meeting. The first completely in-person meeting in over two years provided a great opportunity for constructive and personal discussions. Representatives from almost 20 associations and several observers joined the meeting.

A second meeting of the Committee took place on 24 January 2023 in a virtual format.

Assessment of the implementation of the AAE Core Syllabus

- The AAE Core Syllabus had been passed by the AAE General Assembly in October 2019 with the expectation that it must be implemented into local education programs by the end of 2022. Before this background the AAE Education Committee is in the final steps of reviewing self-assessments of all full member associations.
- The Committee has set up four separate groups to perform the reviews on the information provided. It is expected that the Committee will report its findings in February 2023 to the AAE Board.

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 present its results in Q2 of 2023.

European Actuarial Day 2023 and European Congress of Actuaries 2024

- The AAE Education Committee has the responsibility to set up the technical program for upcoming AAE events, including the EAD 2023 and the ECA 2024. Corresponding Call-for-Papers will be released in 2023.
- The European Actuarial Day (EAD) is a one-day online event which will take place on 27 June 2023. Participation is free of charge! The next European Congress of Actuaries will take place in cooperation with the ISOA (Istituto Italiano degli Attuari and Ordine degli Attuari) in Italy.

Insurance Committee (IC)

Insurance committee Q4 2022 started with the AAE annual meeting in Rome where a number of topics was discussed. Agenda can be found from AAE websites. Any after this there has been a lot of continuing but also new activities that have kept the committee quite busy. These activities can be summarized as following:

- The IFRS17 wg finalized the EAN in relation to the IAN100. The exposure draft was sent for consultation already in August by the working group. They received feedback in November, which is already taken into account. The EAN was at the end of Q4 in a process of final approval (deadline 2 January 2023) after which it will be published. When the EAN will be approved and published, the IFRS working group will cease to exist. On 2023 any AAE future needs on IFRS17 will be monitored.
- Non-life wg have continuing their work on various topics like inflation in non-life sector and differential pricing practices in non-life insurance lines of business. IC participated also on November to a EC workshop on Environmental Liability Directive as this was something they had been preparing and a paper was published in September. Notes from this workshop has been sent for relevant persons in AAE.
- The Interest rates wg (name was changed in the Rome meetings) had been busy with preparing an article to the European Actuarial Magazine and a paper on inflation (scenarios/ORSA etc) in collaboration with the Risk Management committee. This paper is aimed to be published in January 2023. Also other activities like liquidity risk, new business and product innovations (cost of guarantees) have been keeping the wg busy. Lastly, there is an idea that this wg would be transformed to a transverse support group for all the three committee; IC, RMC and Pensions Committee. By this the important work that serves also other needs than just IC's could be better used in AAE. The idea in more detail and a new ToR will be discussed with board in the start of 2023.
- Consumer protection working group has continued their work around the various and still developing themes. Especially value for money was something that kept their work busy.
- Solvency II wg monitored closely the discussions around both Solvency II review and IRRD. As parliament was not able to reach a consensus this work will continue to 2023. Anyway the updates on the one pagers on AAE positioning was started. The wg prepared the IC webinar that was held on 23rd November. The webinar was a success with a more than 100 participants. Both Siegbert and Daphne went through the various topics that are being updated in the review and also how AAE is positioning on these. The wg also have been preparing a couple of consultations.
- The Sustainability working group where IC vice chairperson Daphne is also other of the vice chairpersons had also a number of activities. There is a couple of taskforces, one on the criteria underlying sustainable products and another on climate changing scenarios. The AAE has also been represented in the EC dialogue on climate resilience which is highly important place to be active on.

Pensions Committee (PC)

- During the last quarter PC has 3 meetings – one physical and two conference calls in December (on 5th and 22nd of Dec.).
  On 6th of October the PC has a personal meeting in conjunction with AAE Annual meeting. in Rome. On this meeting the status of the different working groups under PC were presented together with the main priorities for the next year.

- Social Security Subcommittee is working on the needs of additional educational

topics for actuaries working in Social Security area. They plan to organize a Forum with social security experts on different aspects in this area in June 2023.

- The ToR of joint WGr on Pensions Risk management has been approved by the AAE Board just before AAE Annual Meeting in Rome. The first activity of the WG was to select the main objectives for its mandate. The nominated tasks / topics have been ranked by the members of the WG. On that base the ToR defines the main objectives of the Working Group with the initial focus on IORPs. One of the directions that will be explored further is the Role of actuaries in the IORPs. With that regard a questionnaire was prepared and discussed with the PC. The survey was sent out to the members of PC on 23rd of December. The feedback is expected by the end of January.

Objectives
IORP solvency vs. Solvency II
ORA vs. ORSA
Education, networking and sharing good practices.
Investments – Pruden Person Principle vs. Prudent Person Rule
Actuarial and Risk Management function
Proportionality, governance and the FSA
The IORP challenge – how to manage risks with limited access to resources and competencies
Defining a RM Framework for "Managing risks related to the policyholder benefits".
Professional / Expert judgement
Governance - Actuarial and RM functions, including professional judgement.
Challenges ahead IORPs in light of increasing inflation and low interest rates.
Environmental, Social, Governance (ESG)
Managing risks related to the policyholder benefits
Cyber security and digital Risk Management
Possible conflict of interest with sponsor
Outsourcing
How to communicate technical issues/models to the board
Fairness in distribution of funds

- At the end of December EIOPA published results from the Stress Test 2022 for IORPs. The information will be analysed by the members of the Cash Flows TF and will be presented during the Spring meeting in Bratislava.

Professionalism Committee (ProfC)

Actuarial Standards Sub-Committee (ASSC):

- **ESAP 3:** the ASSC is currently reviewing the standards as per the standard review process.

Compliance Review Task Force:

- The compliance review was finalized and all AAE Full Member Associations are compliant.

Survey on ESAPs:

- A survey on the implementation of ESAPs is ongoing and results will be presented during the ProfC Spring meeting.

IFRS 17:

- **EAN 4 on IFRS 17:** The EAN 4 was approved unanimously by the General Assembly per electronic vote on the 2nd of January 2023.

Roles of actuaries:

- **Fit and proper**: the task force on "Fit and Proper" finalized the report and submitted it to the AAE Board which approved the recommendations. The Board will decide whether to disband the Task Force during the next Board meeting to be held on January 18th, 2023.

Risk Management Committee (RMC)

The RMC met in person in Rome on 6 October 2022 at which it discussed:

(a) Activities of the Sustainability and Climate Related Risks Working Group. This WG of the RMC has continued to be very active. During Q4 it continued to work on reviewing models, preparing a paper on ORSA scenarios, responding to consultations, preparing other AAE communications and exploring "sustainable" products.

(b) Activities of the Solvency II Working Group. Several members of the RMC continue to be active participants in this WG, which reports to the Insurance Committee. Much of its recent activity has been focused on the current Solvency II Review process.

(c) Activities of the Pension Risk Management Working Group. This newly established WG reports jointly to the RMC and the Pension Committee. During Q4 it agreed to survey its members to gain a clearer idea of how pension risk management approaches and actuarial involvement vary across AAE member associations. This WG also facilitated a presentation from an Italian pensions risk management expert during a Joint RMC, Insurance Committee and Pensions Committee meeting held on 6 October 2022.

(d) Inflation risk. Some members of the RMC and the Insurance Committee are exploring whether it is practical to put together a short paper highlighting relevant issues. This topic, along with Liability Driven Investment was also discussed in the October 2022 Joint RMC, Insurance Committee and Pension Committee meeting.

(e) Other topics. Topics that are also under consideration for further analysis by the RMC include model risk, risk management lessons learnt from Covid-19, recovery planning, operational resilience and extending actuarial involvement in enterprise risk management beyond the financial sector.

Later in the quarter, in addition to continuing work within its Working Groups, the RMC also explored in conjunction with the Solvency II Working Group how best to update the AAE's position on the EU Commission's proposed Insurance Recovery and Resolution Directive.

4) MISCELLANEOUS

- advise you to regularly check our **website** under 'Members Only' for the latest We 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 Overview of contacts with external parties, stakeholders and member associations - 2022 Q4

Date	Stakeholder	Venue	Stakeholder delegate(s)	AAE delegation
5-Oct-22	IAA	Rome	Mathieu Langelier, Jan Kars	Mária Kamenárová, Lutz Wilhelmy, Wilhelm Schneemeier, Giampaolo Crenca
24-Oct-22	80th Anniversary Ordine degli Attuari - Italy	Hybrid		Lutz Wilhelmy
26-Oct-22	Insurance Europe webinar Cover Notes: "Take two": a conversation with Markus Ferber MEP, rapporteur for the review of the Solvency II Directive	online		Siegbert Baldauf
26-Oct-22	EU Commission's new Climate Resilience Dialogue - pre-launch event	online		Jérôme Crugnola-Humbert, Daphné de Leval
3-4 Nov 2022	Global Forum on Private Pensions	Bratislava		Mária Kamenárová (on behalf of Slovak association)
11-Nov-22	Croatian Actuarial Conference on ESG topics	Zagreb/ online		Loudina Erasmus
16-Nov-22	COP27 side-event: “Insurance and Adaptation - Insurers as Risk Managers and Investors”	online		Daphné de Leval
18-Nov-22	EIOPA seminar on the Insurance Recovery and Resolution Directive (IRRD)	online	Moderator: Dimitris Zafeiris, Head of Risks and Financial Stability, EIOPA	Mike Claffey, Siegbert Baldauf, Daphné de Leval
22-Nov-22	European Commission - Environmental Liabiity Directive - Study workshop	Brussels		Lauri Saraste
29-Nov-22	EU Commission's new Climate Resilience Dialogue - launch event	Brussels		Jérôme Crugnola-Humbert, Daphné de Leval, Lutz Wilhelmy
7-Dec-22	EIOPA’s 2022 Sustainable Finance Conference	online	Petra Hielkema	Jérôme Crugnola-Humbert, Tatiana Bitunska
13-Dec-22	EIOPA's 2022 IORP Climate Stress Test	online	Dimitris Zafeiris	Martin Melchior, Sinead Cronin