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ECONOMICS & FINANCE CROSS-FUNCTIONAL WORKING GROUP TERMS OF REFERENCE

AIM

The Economics & Finance (E&F) Cross-Functional Working Group, from the point of view of the actuarial profession and in line with the mission, vision and strategic objectives of the AAE, will consider matters relating to macro and micro aspects of economics and finance and the impacts these have on insurance, pensions and social care.

The E&F Working Group will strive to help Insurance, Risk Management and Pensions Committee to interpret the impacts of changes in the ~~present~~ economy and financial system~~, with a focus on relevance to the future also~~. In particular, the E&F Working Group will:

- Provide support for ~~AAE~~ the committees, via professional analysis & deliverables, in understanding and managing change, volatility and uncertainty in the macro economy and financial system as it relates to insurance, pensions and social care (SO2 & SO3)
- ~~Support the AAE, via professional analysis & deliverables, in enhancing relations with European institutions (SO1)~~
- On topics that closely relate to finance or economics, s~~S~~upport ~~cross-practice projects: support~~ ideas relevant to multiple Committees and Working Groups,~~;~~ ensure strategically-aligned projects and deliverables~~;~~ and promote projects of value to the ~~AAE, its C~~committees ~~and Working Groups~~ (SO1, SO2 & SO3)
- ~~The E&F Working Group will l~~incorporate technical solutions and approaches from multiple practice areas, using a variety of credible economics and finance ~~practice areas~~methods. The E&F Working Group will formalise problems to be solved and seek expertise from the Insurance, Risk Management and Pensions areas. (SO3)
- Build a centre of excellence for actuaries, support a feeling of community and shared purpose, share tools and insights, and attract volunteers with valuable and relevant expertise (SO3)

GOVERNANCE

- The E&F Working Group reports to the Insurance Committee of the AAE.
- The Chairperson of the Insurance Committee is the first point of contact for the E&F Working Group as well as with the Board.
- The E&F Working Group will maintain close and strong connections with the Pensions Committee and the Risk Management Committee, with liaisons in attendance at regular meetings and ad hoc meetings on areas of shared importance. Liaisons may come from the committees, working groups or the E&F Working Group.
- E&F Working Group projects will be submitted to relevant committees for approval and project teams will seek involvement from all relevant groups.

- On projects it initiates, the E&F Working Group will seek collaboration widely and appropriately. On other projects, the E&F Working Group will provide support as needed and available.
- The E&F Working Group will have a chairperson with one ore more vice chairpersons who represent widely the three committees.
- The E&F Working Group will have a term of three years after which it will be reviewed.
- Membership is open to representatives of Member Associations of the AAE and is not restricted to one representative per member association. Interested individuals may also participate in the work of the working group, even if not formally representing a Member Association.

BACKGROUND

Unforeseen macro-economic developments, along with higher volatility and uncertainty in the economy and in financial markets pose difficult questions for the providers of financial services in Europe. Most insurers, pensions and social care providers are affected by volatility and uncertainty. Also changes in interest rates, inflation and other key macro-drivers like liquidity, are of special importance to fully understand and analyze.

Risk-based regulation in Europe—Solvency II and IORP—has increased the importance and relevance of economics and finance to insurance and pension products and providers. The macro-economic environment and the financial system have important impacts on the risks and opportunities for insurance and pensions customers, products, providers and systems.

Expertise in risk, uncertainty, finance and the future helps actuaries fulfil their professional obligations, ensure companies meet regulatory requirements, and support their companies' actuarial, risk, and financial management in a macro environment of change, volatility and uncertainty.

These Terms of Reference were approved by the AAE Board of Directors on [insert date].