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AAE Board report to MAs - January-June 2023



The Board of the AAE is pleased to present this report, highlighting the key developments that have occurred during the first half of 2023.

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Update from the AAE Board

conference calls on the 18th of January, 8th February, 8th March, 27th March, and the 17th of May.

Additionally, physical meetings were held on the 19th of April in Bratislava and the 15th of June in Zurich.

The Senior Officers also met seven times during this quarter to prepare for each Board meeting or discuss other matters.

We are pleased to report that the Board made significant progress on several important initiatives during this period.

Decisions/Approvals

- Agendas and Delegations meetings with major stakeholder.
- Amended recommendations in the Fit and Proper report and disbanded the Task Force on Fit and Proper.
- Terms of Reference of the Task Force on the engagement of volunteers.
- Terms of Reference of the Task Force on the IORP II Directive Review.
- The request of the Communications Panel to look for expertise from an external PR/Communications Expert.
- Name change of the Low Interest Rate Working Group into Economics & Finance Cross-functional Working group
- The termination of the Cash Flows Task Force.
- The job profile for a Senior Actuary/Project Manager to find additional content expert support and the consequent publication of the open position.
- Terms of Reference of the European Actuary Brand Task Force and the call for volunteers.
- To renew the AAE website, house style and logo.
- To expand the tasks of the Board liaisons to liaise with the AAE's Member Associations.

We believe that these initiatives will contribute significantly to the further development of the AAE's capabilities and effectiveness. We remain committed to fostering effective communication and collaboration with all our stakeholders as we work towards achieving our goals.

Meetings

Presidents' Meeting

We are pleased to report on the successful and well-attended Presidents' Meeting that was held on February 16th, 2023. This online event proved to be an invaluable opportunity for discussion and exchange of views on important topics such as the European Actuary Brand and the Future activities of the AAE aimed at transforming the AAE to provide more effective support. The breakout sessions were particularly

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Meetings with European stakeholders

An overview of meetings with stakeholders in the first half of 2023 can be found by using this [link](#). Please note that a login will be required. We believe that these meetings are critical in ensuring effective collaboration and engagement with our European partners, and we value these opportunities to share our insights and expertise.

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

- EIOPA held on 20th January 2023
- European Commission, DG FISMA held on 13th March 2023
- Insurance Europe held on 27th March 2023
- Pensions Europe scheduled for 15th May 2023
- Follow-up meetings of the above on specific topics, including sustainability, AI, and capital standards.

We remain committed to fostering strong relationships with our European counterparts and look forward to future opportunities for collaboration.

Events

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

Events in Q1 and Q2 2023 were held on:

- AAE Spring Meetings, Bratislava, Slovakia, 19-21 April 2023
- [AAE Webinar 'Actuaries and the Emergence of Data Science'](#) on 10 May 2023 – organized by the AAE Education Committee. Number of participants: 164
- [EAD 2023](#) – European Actuarial Days 2023, 27 June 2023

Events in scheduled in 2023:

- [26 September 2023 - AAE Webinar 'Update on Risk Management Topics'](#)
- [46th AAE Annual Meeting, Cologne, Germany, 4-6 October 2023](#)
- [2 November 2023 - Social Security Forum](#), full day virtual event
- 29 November 2023 – webinar organized by the AAE Professionalism Committee.

Event calendar



Publications

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 and Q2 of 2023 the following responses were submitted:

- On 27 February 2023 the AAE submitted a response to [EIOPA's Discussion Paper on Methodological Principles of Insurance Stress Testing – Cyber Component](#).
- On 5 March 2023 the AAE submitted a response to [EIOPA's Discussion Paper on Prudential Treatment of Sustainability Risks](#).
- On 25 May 2023 the AAE submitted a response to [EIOPA's consultation on technical advice for the review of the IORP II Directive](#).
- On 13 June 2023 the AAE submitted a response to [EIOPA/ECB's Staff Paper on Policy options to reduce the climate insurance protection gap](#).

AAE Positions and publications

- On 18 January 2023 the AAE published [the AAE discussion paper 'AI and the opportunities and challenges it presents to insurability'](#)
- On 7 June 2023 the AAE published the ['AAE discussion paper: Sustainable products in insurance'](#)

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- 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'](#)
- On 19 January 2023 the AAE announced that [Jette Lunding Sandqvist was elected as AAE Board member](#).
- On 7 June 2023 the AAE published a [press release announcing the publication of the AAE discussion paper 'Sustainable products in insurance'](#)

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 March issue [#33 was issued](#).
- On 1 June issue [#34 was issued](#).

Find all issues by clicking below yellow button.

The European Actuary (TEA)

Blogs

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

- [New leaf or empty promises?](#) – by Jérôme Crugnola-Humbert and Frank Schiller, published on 24 January 2023
- [AI-OK?](#) – by Esko Kivisaari, published on 20 February 2023
- [Supply chain management: Where are the actuaries of the future?](#) – by Inga Helmane, published on 17 April 2023
- [AAE meets stakeholders to discuss Solvency II and sustainability](#) - by Giampaolo Crenca and Frank Schiller, published on 3 May 2023
- [Save the date! European Actuarial Day – 27 June 2023](#) - by Lutz Wilhelmy, published on 25 May 2023
- [The AAE view on insurance and sustainability](#) - by Jérôme Crugnola-Humbert, published on 30 June 2023

All press releases and news items are available [on the website under AAE News](#). Issues of the European Actuary magazine and Publications are available [on the website under Publications](#).



News from the AAE and its committees

actuview

- The TEA #34 [video interview with Charles Cowling](#), on **Taking a World-wide view** was published on 13 June 2023.
- The recording of AAE's webinar on Actuaries and the Emergence of Data Science by Henning Wergen and Colm Fitzgerald has been uploaded to [the AAE partner channel](#).
- Recently, the European Actuarial Day 2023 took place. All recordings will be [published on actuview](#) on 18 July 2023.
- 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

Education Committee

The AAE Education Committee met on 24 January 2023 for a web meeting and on 20 April 2023 in Bratislava in conjunction with the AAE Spring Meeting.

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.
- The Committee has received the reports from member associations on their implementation of the AAE Core Syllabus into local education programs. The reviews of the self-assessments were performed by four different groups of

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- Overall, a very positive outcome was achieved. Almost all associations fulfil the requirements to full extent. Minor amendments were needed for a small group of associations, for which an implementation plan has already been agreed on. Some reviews are still ongoing with established communication between AAE members associations and the review teams of the AAE Education Committee.

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 reported back to the Education Committee in the April 2023 meeting and presented its ideas to a wider public in an AAE webinar on 10 May 2023 with around 100 participants. It is planned that a final proposal will be presented in October 2023.

European Congress of Actuaries 2024

- The AAE Education Committee has the responsibility to set up the technical program for upcoming AAE events.
- The next European Congress of Actuaries will take place in cooperation with the ISOA (Istituto Italiano degli Attuari and Ordine degli Attuari) in Italy on 6 and 7 June 2024. The Call-for-Papers will be released in Q3/2023.

Attractiveness of the actuarial profession

- Based on the AAE risk register the Education Committee started to share successful local initiatives on promoting the actuarial profession towards potential future members. It was agreed that the members of the committee will continue to do so.

Actuarial Competency Framework

- The members of the committee discussed the approach of the Society of Actuaries in Ireland on an Actuarial Competency Framework as a suitable description of (desired) knowledge, skills, and attributes of an individual actuary. It was agreed to further discuss this topic as a potential way to best describe capabilities of the profession and its members.

Insurance Committee

Insurance committee Q2 2023 started with the AAE spring meeting in Bratislava where a number of topics was discussed. Agenda for this and the minutes can be found on the AAE websites. Insurance committee's other activities on Q2 can be

Non-Life Working Group

- A change was made in the Non-life wg. Christoph Krischanitz, who has a long experience from working in the actuarial associations and for instance chaired the Investment and Financial Risk Committee in AAE during 2011 – 2017, was appointed as the chairperson of the non-life working group in June. There is various topics to be followed and where active work is needed, a new work programme for the wg will be prepared during Q3. Insurance committee is thankful to the work already done and Cyriaque Teguia for leading the group on that.

Economics and Finance Cross-Functional Working Group

- The Economics and Finance wg (the old low interest rates wg) started in the setup and a ToR which better recognizes the wide needs from AAE committees to get help on finance related aspects. In the new setup this wg is a transverse support group serving all three committees IC, RMC and PC, keeping still IC the first committee to report to. Q2 has been more or less starting the work but also identifying new topics and continuing the work in progress, such as Inflation and liquidity.

Consumer Protection Working Group

- Consumer protection working group has been closely looking the retail investment strategy (RIS) that came out from European commission on end May. This package that keeps inside several changes to different parts of legislation will keep the wg very busy for a year. Especially the legislative proposals and also supervisors (EIOPA) tools around the value for money on UL is a difficult task that requires a lot of wg's attention.

Solvency II Working Group

- Solvency II wg monitored closely the developments around Solvency II review and IRRD even though it was quite stuck in Parliament's end them trying to reach for a compromise. Also more technical topics have been discussed more closely (like interest rate risk, UFR, etc.) and the group have start identifying topics to work more closely on in the near future. The parliament compromise on Solvency II review is expected to come out in Q3.

Right to be forgotten

- A small task force to prepare a short paper on right to be forgotten will start the work in summer aiming to get a draft ready for AAE annual meeting 2023. This topic will be furthered also in European commission's end this year. Also many of the other stakeholders have been active here. AAE will benefit a lot of the substantial work done by the Society of Actuaries in Ireland.

April 2023 in Bratislava in conjunction with the AAE Spring Meeting.

The following are the main priorities of the Pensions Committee.

IORP II

1. TF for Review of IORP II Directive is set up
Responded to consultation on IORP II Directive' Review
2. Pensions RM WG - Joint WG between PC and RMC.
Current activities:
 - Role of Actuaries in IORPs. To analyse functions of Actuaries and Risk Managers.
 - ORA vs. ORSA. A survey was conducted and a presentation was given at the Joint meeting in Bratislava. A paper is in preparation.
 - Risk Management for IORPs. Investments – Prudent Person Principle vs. Prudent Person Rule. A short paper on RM of collateral calls on derivatives in turbulent times is in preparation.
 - Interest rate and Inflation issue in pensions perspective.

Sustainability of pensions (sustainable finance and increasing consideration of social aspects).

- Assessment of the financial position of social security pension schemes. Methodological aspects of calculating T.29, presentation given from PensExpert Group during the event organized by Eurostat
- Sustainability and Climate-Related Risks - To identify possible impacts of climate related risks on the pension funds or social security programmes
- Sustainability in social security area. Organizing a Forum with the Social Security professionals / experts in November.

Consumer protection in Pensions

- Information provided to members
 - Pensions Tracking Services – how to cover it (tbd),
 - Annual Statements, PBS – for 2nd and 3rd pillar
 - Protection of customer rights / balance ...
- Transparency of costs and charges (PBS)
- Adequacy of pensions benefits; Decreasing purchasing power.
- Intergenerational Fairness

Future steps / focus after September:

- Risk Management for IORPs. Investments – Prudent Person Principle vs. Prudent Person Rule. A short paper on RM of collateral calls on derivatives in

Professionalism CommitteeActuarial Standards Sub-Committee (ASSC):

- ESAP 3: the ProfC approved to submit the Exposure Drafts of the ESAP 3 and the AAE Glossary to FMAs for consultation.

Survey on ESAPs:

- The results of the survey on ESAPs were presented without major changes in the results from past years. Nonetheless, the response rate was low and the ProfC asked to raise with the AAE Board ways to get more traction from FMAs.

AAE Task Force Member Engagement:

- The task force was created in Q1 2023. The Task Force will deliver first recommendations during the Autumn meetings taking place in Cologne.

Volunteers European Actuary Brand Task Force:

- The task force was created in Q2 2023 by the AAE Board and is now reporting to the ProfC with the goal to create an European Actuarial brand. A call for volunteers was launched.

Risk Management Committee

During H1 2023 the RMC met in person in Bratislava on 20 April 2023 at which it discussed:

Activities of the Sustainability and Climate Related Risks Working Group.

- This RMC WG has continued to be very active. During H1 it continued to work on responding to consultations and preparing a paper on ORSA scenarios. It also finalised a Discussion Paper on Sustainable Products in Insurance, which was published by the AAE in June 2023.

Activities of the Pension Risk Management Working Group.

- This WG reports jointly to the RMC and the Pension Committee. During H1 it surveyed its members to gain a clearer idea of how pension risk management approaches and actuarial involvement vary across AAE member associations. It is in the process of preparing a paper discussing the results of this survey and is also working on a comparison between ORA and ORSA.

Activities of the Solvency II Working Group.

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focused on the current Solvency II Review process.

Inflation risk.

- A paper exploring inflation risk is being prepared by some members of the RMC and the Insurance Committee. An initial draft was discussed in Bratislava and the paper is currently being refined.

Other topics.

- The RMC initiated work on updating its earlier paper on operational risk management. A particular focus of the update is likely to be the topic of operational resilience and the implications of the new Digital Operational Resilience Act (DORA). The Bratislava meeting also explored the topic of recovery and resolution, planned a webinar for September 2023 and discussed current issues of interest across member associations, such as recent banking failures and implications of the takeover of Credit Suisse by UBS.

Artificial Intelligence and Data Science Working Group (AI-DS)

The Working Group has had meetings about once a month. Active discussion among participants took place to exchange views.

The following topics were delivered or are in preparation/under discussion:

- Educate the profession:
 1. First paper on AI and insurability published
 2. A paper on 'What should an actuary know on AI' is in preparation
- Promote the role of the AAE among data scientists:
 1. Data challenge in preparation
 2. Presentations, EAD, OECD
- Influence regulation:
 1. The Working Group has prepared a couple of AAE responses to EIOPA and Commission
 2. Much of the regulation horizontal (GDPR, AI Act) -> need for lower level sector-specific guidance from Commission/EIOPA
 3. Discussion in June with EIOPA on XAI (Explainable AI -> topic for our next paper)
- Transparency and Data Protection in GDPR and AI Act
- Accountability and Fairness in GDPR and AI Act

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The AAE Board report to MAs is composed by the AAE Board and Secretariat.

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