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The Actuarial Profession and Artificial Intelligence

AAE Note on how Actuaries can provide an ethical and professional dimension to AI

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The application of AI is progressing at a remarkable pace on a wide spectrum of areas. In conjunction with advancements in Data Science, AI is unlocking opportunities to address challenges that were previously deemed inaccessible. Some of the most significant breakthroughs have been observed in fields such as medicine and biology. Although AI innovations are profound, they also present potential risks to human autonomy.

The European Union is regulating artificial intelligence through the AI Act. The primary objective of this legislation is to safeguard fundamental rights during the deployment of AI systems, their on-going control, and validation. The Act establishes guidelines for introducing various AI systems into the market and follows a risk-based approach. Certain AI applications of unacceptable risk are explicitly prohibited, while others are classified as high-risk, necessitating additional requirements compared to those in the lower risk category. Ultimately, this regulatory framework aims to position the EU as a leader in the professional management of AI risks, and to create an environment which is conducive to innovation and growth.

It is evident that the advancement of Artificial Intelligence is not solely propelled by technological progress but also relies on robust governance. There is a critical need for regulatory frameworks that can adapt swiftly. Furthermore, a rigorous code of conduct is essential to ensure that the potential benefits of AI are realised positively for society.

Actuaries play a pivotal role in this context. They embody a profession characterised by the technical skills required to harness the benefits of AI, coupled with a commitment to ethical practices. The actuarial profession is guided by a [Code of Conduct](#), which is widely acknowledged across various industries through the application of actuarial work.

The Actuaries' Code of Conduct ensures the highest ethical standards, requiring actuaries to act with integrity, maintain competence and diligence, adhere to regulations, uphold impartiality, and communicate effectively. In AI, these principles will guide actuaries to deploy and manage AI technologies with the same ethical and professional rigour.

Moreover, actuaries engaged in diverse functions adhere to [Standards of Actuarial Practice](#), which are published by the Actuarial Association of Europe and implemented by its member associations at the national level.

The Actuarial Association of Europe (AAE) was established in 1978 under the name Groupe Consultatif to represent actuarial associations in Europe. Its primary purpose is to provide advice and opinions to the various organisations of the European Union - the Commission, the Council of Ministers, the European Parliament, the European Supervisors and their committees – on actuarial issues in European legislation. The AAE currently has 38 member associations in 37 European countries, representing nearly 30,000 actuaries. Advice and comments provided by the AAE on behalf of the European actuarial profession are totally independent of industry interests.

The Actuarial Association of Europe is registered in the EU Transparency Register under number 550855911144-54

Actuaries have a long history of analysing data for the benefit of society. At the core of the profession is the ability to manage uncertainty, not only for social security systems, insurance, and pensions but also across the broader financial system. Actuaries are experts in risk assessment, quantification, and management which are fundamental skills for the evaluation of AI systems. With their advanced knowledge of statistical methods, probability theory, and modelling techniques, actuaries are uniquely equipped to provide insights on the behaviour of AI systems. This expertise is transferable to managing and overseeing the complexities and diverse impact of AI technology across various sectors.

We believe that the actuarial profession should be actively involved to ensure the responsible deployment of AI, for the benefit of our societies. We believe that the inclusion of actuaries in the Advisory Forum and/or the Scientific Panel would provide valuable resource and support to the AI Office and will benefit the wider EU Community. The participation of actuaries, represented by the AAE, would provide a unique skillset that may contribute to the deployment of AI systems which are not only efficient and innovative but also safe, reliable, and consistent with broader societal values and legal standards.

One of the important challenges lies in the harmonisation and appropriate allocation of emphasis across different frameworks to address the risks associated with AI. Mere compliance with individual laws may often prove inadequate. The actuarial profession, with its extensive experience in navigating regulations, models, services, and market dynamics, offers an ideal combination of skills to enhance this process. Actuaries possess deep familiarity with regulatory compliance and the implementation of complex regulatory standards such as Solvency II, GDPR, and IFRS17, alongside a strong commitment to ethical considerations.

We believe that the realisation of artificial intelligence, aimed at benefiting our sustainable future, can benefit from the contributions of a profession that combines technical excellence with a profound commitment to responsibility. Actuaries have established a reputation for trustworthiness and reliability in their analyses and predictions, which are essential ingredients in fostering public trust in AI applications.