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ACTUARIAL ASSOCIATION OF EUROPE
ASSOCIATION ACTuariELLE EUROPéENNESILVER SQUARE NORTH
BOULEVARD ROI ALBERT II 4
B-1000 BRUSSELS, BELGIUM
☎ (+32) 2 274 06 61
✉ INFO@ACTUARY.EU
WWW.ACTUARY.EU

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AAE Note on EIOPA's Opinion on AI Governance and Risk Management

AAE Artificial Intelligence and Data Science Working Group

Summary

The Actuarial Association of Europe welcomes EIOPA's Opinion on AI Governance and Risk Management. We support its principles-based and proportionate approach, which provides clarity on how existing sectoral rules apply to AI systems. EIOPA's Opinion helps to reduce uncertainty and to promote supervisory convergence across Europe.

In line with our response to the consultation, we emphasise the importance of clarity on the boundary between traditional actuarial models, such as Generalised Linear Models (GLMs), and AI systems. This distinction is important to avoid unnecessary compliance burdens and to ensure consistent interpretation across the market.

We also believe that proportionality should be applied not only with regard to the size, scale and complexity of undertakings, but also with regard to the potential impact of an AI system on customers. Considering customer outcomes, particularly in areas of fairness, access and financial inclusion, will support both prudential soundness and consumer protection.

EIOPA's six governance pillars—fairness and ethics, data governance, documentation and record-keeping, transparency and explainability, human oversight, and accuracy, robustness and cybersecurity—align well with existing frameworks in insurance.

We also welcome the clarification of roles and responsibilities, including the accountability of the Administrative, Management or Supervisory Body (AMSB) and the explicit reference to the actuarial function's role in overseeing AI systems within its remit, such as the coordination of technical provisions and providing an opinion on the overall underwriting policy.

Overall, actuaries bring a distinctive contribution to AI governance. As members of professional bodies, they are required to meet rigorous standards in education, continuous professional development, codes of conduct, and practice standards, underpinned by disciplinary oversight. Their daily work in financial and risk modelling is subject to these professionalism requirements, ensuring integrity and accountability. In addition, actuaries' long-standing expertise in risk management and their systemic perspective on complex interactions equip them to support insurers, supervisors and policymakers in managing the opportunities and risks that AI presents, helping ensure that innovation develops in a way that benefits society.

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

1. Introduction

EIOPA's Opinion on AI Governance and Risk Management (August 2025) provides clarity on how existing insurance legislation (Solvency II, IDD, DORA) applies to AI systems that fall outside the AI Act's prohibited and high-risk categories. It builds on a risk-based and proportionate approach, promoting supervisory convergence across the EU.

The actuarial profession has extensive experience with model governance, risk management and regulatory implementation. Actuaries are therefore well positioned to contribute to the responsible adoption of AI, in line with their professional code and standards.

2. Regulatory Clarity and Scope

We support EIOPA's framing of AI across the insurance value chain (pricing, underwriting, claims, fraud detection). We note the importance of explicitly considering and addressing the boundary between high-risk AI systems and traditional actuarial/statistical models such as Generalised Linear Models (GLMs).

While the Opinion cites the Commission's AI Office guidelines that exclude linear and logistic regression from the AI definition, it may be helpful to confirm that long-established statistical techniques—such as Generalised Linear Models (GLMs) commonly used in insurance pricing—are likewise regarded as traditional methods outside the AI definition. This clarification would support consistent supervisory understanding across the insurance sector.

3. Proportionality

EIOPA emphasises that governance and risk management should be proportionate. We agree, and highlight two complementary dimensions:

- **Undertaking characteristics:** the nature, scale and complexity of operations, consistent with Solvency II.
- **Customer impact:** the potential effect of an AI system on policyholders, including fairness, access and financial inclusion.

This dual lens supports balanced supervision and reflects our earlier consultation response.

4. Governance Framework

The six control areas identified in the Opinion—fairness & ethics, data governance, documentation and record-keeping, transparency & explainability, human oversight, and accuracy/robustness/cybersecurity—are consistent with existing enterprise risk management, product oversight and model risk frameworks.

We welcome the clarification of roles and responsibilities: the accountability of the AMSB, the involvement of Compliance, Audit, Data Protection Officer and the Actuarial Function, and the possibility of establishing an AI officer or committee.

Undertakings remain responsible for AI systems developed or sourced externally. EIOPA's suggested measures (due diligence, contractual clauses, complementary governance where intellectual property restricts transparency) are appropriate and pragmatic.

5. Fairness and Actuarial Practice

We welcome the recognition that some fairness metrics may conflict with actuarial fairness principles (“equal risk, equal premium”). EIOPA’s encouragement for undertakings to document trade-offs and select metrics suited to the use case is proportionate and realistic.

Actuaries can contribute significantly here, given their expertise in balancing fairness, risk pooling, and consumer protection objectives.

6. Documentation and Evidence

Annex I of the Opinion offers practical examples of impact indicators, record-keeping and fairness metrics which we welcome as useful illustrations and examples.

Documentation and evidence requirements should be applied in a proportionate manner, with reasonable expectations around reproducibility and long-term data storage.

7. Looking Ahead

We support EIOPA’s intention to review supervisory practices after two years and to provide further sectoral Q&As. This will help reduce definitional ambiguity and promote consistency across the EU. Actuaries stand ready to contribute expertise in AI governance, ensuring that innovation in insurance remains both responsible and sustainable.