

## **AAE response to the Commission consultation on the Digital Omnibus Regulation on AI**

The Actuarial Association of Europe (AAE) welcomes the Commission's objective to ensure a smooth, coherent and innovation-friendly implementation of the AI Act. Actuaries play a key role across insurance, pensions and financial risk management, where AI is increasingly integrated into pricing, underwriting, claims, investment and operational risk processes. We therefore support measures that promote clarity, proportionality and supervisory consistency, while avoiding duplication with existing vertical frameworks.

We agree with the proposal to link the application of certain high-risk obligations to the availability of harmonised standards, common specifications and Commission guidance. This approach reduces the risk of premature or inconsistent implementation and supports proportional compliance planning within long-term risk, model governance and product oversight processes. Transparency over timelines and the content of supporting measures will further assist firms and supervisors in preparing adequately.

The extension of proportionality measures from SMEs to small mid-caps is welcome. However, proportionality should also reflect the scale and potential consumer impact of specific AI use cases, not only entity size. This aligns with risk-based approaches under Solvency II and should help ensure a fair balance between innovation, consumer protection and competitiveness. Simplified documentation and adapted quality management expectations can meaningfully ease compliance where the risks are limited.

We support the introduction of a single application and assessment procedure for conformity assessment bodies already operating under Union harmonisation legislation. Insurance undertakings and pension funds are subject to extensive governance obligations; embedding AI compliance within existing risk management, internal control and validation structures is essential to avoid the creation of duplicate compliance systems. Further clarification on aligning conformity expectations with financial-sector governance frameworks would be valuable.

The removal of a harmonised post-market monitoring template and the shift towards guidance also represent a practical improvement. Existing model validation, change-control and ongoing monitoring processes in insurance provide a strong foundation, and flexibility allows undertakings to integrate AI monitoring into established actuarial and risk-management frameworks without unnecessary administrative layering.

We note the new legal basis for the limited processing of special categories of personal data for the purpose of bias detection and correction. This is important to ensure fairness, but its application must be proportionate, clearly scoped and consistent with EU-wide and national anti-discrimination rules. Clarity on expectations for insurance-related use cases would support consistent implementation across Member States. Note that insufficient anti-bias processes based on even limited personal data may lead to potential indirect discrimination.

We support the idea of expanding regulatory sandboxes and the possibility of real-world testing. However, it will be important to ensure that sandboxes established under the AI Act are designed with sufficient flexibility, so that they genuinely facilitate innovation rather than inadvertently constrain it.

Close cooperation between the AI Office, EIOPA and national supervisors will be essential so that sector-specific risks, prudential considerations and consumer protection requirements are fully taken into account.

We emphasise the importance of coordination between the AI Office and financial-sector supervisory authorities to avoid duplicative oversight or inconsistent expectations for undertakings using AI in regulated activities. Clear channels for cooperation will support proportionate supervision and maintain regulatory coherence across the AI and financial-services frameworks.