



GROUPE CONSULTATIF ACTUARIEL EUROPEEN
EUROPEAN ACTUARIAL CONSULTATIVE GROUP

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Chairman's Report to Member Associations
Autumn 2011

This is my first report to member associations as Chairman of the Groupe, and follows the pattern introduced by Chris Daykin. I plan to send a short report every quarter to membres titulaires and secretariats, highlighting the main areas of current activity. This will include what the Groupe has been doing and is intending to do for the profession in Europe, for the national associations and the individual actuaries and, at the same time, will also indicate what the national associations and the individual actuaries could do for the Groupe in the near future in order to enhance our activities and raise the profile of the actuary in Europe. These reports will follow the main committee meetings in the autumn and spring, with intermediate reports in the summer and the winter. You are encouraged to share this information with your Boards. Additional detail can be obtained from the relevant committee minutes which are available on the Groupe's web site. This report is made following the recent Annual Meeting in Prague of the General Assembly and all five practice committees. I summarise the main activities in which the Groupe and the Officers have been involved since Chris Daykin's last report during the summer.

Membership of the Groupe

- The Channel Islands Actuarial Association and the Croatian Actuarial Association (Hrvatsko Aktuarsko Društvo) have been admitted as Full Members of the Groupe Consultatif.
- The Membership Advisory Group has been asked to continue with the development of detailed proposals for a formal procedure for reviewing the continued compliance of member associations with the requirements for Full Membership specified in Article 5 of the Groupe's Statutes.

Officers of the Groupe

The following have been appointed as Officers of the Groupe:

- Vice-Chairman – Karel Goossens (for one year from 21 October 2011)
- Chairman, Pensions Committee – Falco Valkenburg (for three years from 21 October 2011)
- Chairman, IFR Committee – Christoph Krischanitz (for three years from 21 October 2011)

Invitations to submit nominations for Officer positions falling vacant in 2012 will be circulated shortly.

Actuarial Standards

- The General Assembly considered proposals from the Standards Project Team (SPT) on the purpose of standards and the criteria to be met; due process for the development of standards; and a work-plan for the preparation of exposure drafts of model standards on quality of actuarial work, and actuarial function reporting.

- During discussion of these proposals at the Standards, Freedoms and Professionalism Committee (SFPC), concern was expressed on behalf of the UK Institute and Faculty of Actuaries that, given the IAA's work on a generic standard (ISAP1) and EIOPA's development of actuarial guidelines, there could be a profusion of duplicate or overlapping standards. It was also recognised that some of the material proposed in relation to a standard on the quality of actuarial work might more appropriately be part of the code of conduct or recommended practice. The SPT will carefully and appropriately consider these aspects when developing exposure drafts.
- The General Assembly approved the proposals on purpose/criteria and due process, subject to the timetable in the work-plan being extended by six months to allow additional time to liaise with the IAA, to consider potential overlap with the code of conduct and to take account of the development of EIOPA guidelines.
- On behalf of the Groupe, the SPT will be submitting comments to the IAA to influence the drafting of ISAP1 to be more relevant to the European/Solvency II environment; member associations will be sent a copy of this submission.
- It is essential to attract additional volunteers in order to establish drafting sub-groups – the SPT does not have the capacity to undertake all the work by itself and it may play a steering committee role in the future in relation to drafting standards. Following the decisions taken at the General Assembly in Prague, the first European standard for which an exposure draft is to be worked out will be the one originally labelled GCASP 2 on the actuarial function's report under Solvency II. I urgently request member associations to nominate individuals, in particular those with some experience in drafting standards, to assist with this work.

Core Syllabus

The General Assembly approved a revised Core Syllabus which it is hoped will be implemented with effect from 1 January 2013. Member associations will be asked to study the new Core Syllabus, if they have not done so, and confirm whether they can comply with this date and, if not, to indicate a date when they can implement it. The Education Committee is developing procedures for the continuing review of the Core Syllabus.

Insurance

- Solvency II continues to dominate the Committee's agenda, in particular consultations by the European Commission and EIOPA in relation to Level 2 implementing measures and Level 3 guidelines;
- A position paper on the Role of the Actuary is being developed, based on similar work by Het Actuarieel Genootschap;
- The Committee will provide support for further work on actuarial standards, where the Solvency II working groups can provide input;
- The Committee recognised the importance of supporting the Groupe's representatives on EIOPA's Insurance and Reinsurance Stakeholder Group, and liaising with other actuarial representatives on IRSG;
- A paper on the importance of age and disability as rating factors is being finalised, and arrangements are being made for exposure of this issue to a wider audience (MEPs, Commission, EIOPA, other stakeholders) in the near future.

Pensions

- Members of the Committee have been actively involved over the summer in significant contributions to EIOPA's first consultation on the European Commission's Call for Advice (CfA) on the review of the IORP Directive.

- The second EIOPA consultation on the CfA was published recently, and this presents a major challenge to the Committee to prepare a comprehensive submission on behalf of the Groupe within a very short timescale;
- Brendan Kennedy, Chairman of EIOPA's Occupational Pensions Committee, gave a presentation on the Call for Advice following the General Assembly meeting; his presentation is included with the minutes of the General assembly which are available from the Groupe's web site;
- The Committee recognises the relevance of the gender/age/discrimination issue to Pensions;
- There is a need to develop interest and expertise in first pillar pensions issues, and I would like to renew the request for member associations to nominate appropriate volunteers to establish a social security sub-committee;
- More expertise is required on the Committee in Defined Contribution schemes;
- The Committee plans to have a greater involvement in longevity issues.

Investment and Financial Risk

- Members of the IFR Committee are participating in the work addressing the Call for Advice on the review of the IOPR Directive, mainly on the asset side;
- Interest in the Actuarial Function in relation to DC schemes;
- A small working group is being established to look at investment rules;
- The Committee will review the revised Directive on Markets in Financial Instruments (MiFID2);
- In consultation with the Solvency II Pillar 1 Life group and the Pensions Committee, the Committee will produce a paper on sovereign credit risk which could form the basis for information for MEPs on the lessons that actuaries have drawn from the financial crisis and how these could be relevant to banking. On this latter point, the Committee requires more expertise from actuaries working in the banking sector, and I would urgently request associations to nominate additional volunteers with experience in this area.

Education

In addition to the review of the Core Syllabus, and the development of proposals for its continuing review, the Education Committee's work includes:

- development of an assessment procedure to ensure continuing compliance with the Core Syllabus, which should be consistent with IAA requirements with a view that associations which are Full Members of both the Groupe and the IAA would have to submit the information to only one of them, and also take account of the Mutual Recognition Agreement;
- arrangements for ECA 2012 – see below.

1st European Congress of Actuaries (ECA 2012)

The first European Actuarial Congress will be held at the Radisson Blu Hotel in Brussels on 7/8 June 2012. The web site for ECA 2012 (www.eca2012.org) provides preliminary information on topics and speakers (including major names from the European Parliament, Commission, industry and academia), and we will be giving the event extensive publicity. Online registration for the event should be available by the end of November. The programme will cover all the major practice areas and we are hoping for a big attendance of actuaries from all Member Associations at this first ever European Congress. The aim is to hold such a Congress every four years, midway between the International Congresses of Actuaries. All Member Associations are expected to be well-represented at the Congress, and I would request you to bring the event to the attention of your members.

Officers

Following the recent appointment of Pia Skaerbak as Deputy Chief Executive (Public Affairs), the Officers and other key Committee members are working closely with Pia to raise the Groupe's profile through

- strengthening proactivity, and not simply reacting to the agendas of other stakeholders
- updating and regularly reviewing the 'vision matrix' of messages for different stakeholders, for example to embrace pensions
- interviews with Officers, to feature in associations' and external media
- Officers' participation at member associations' meetings to report on Groupe activities
- briefing meetings with key MEPs on topical issues - essential for there to be up-to-date material available to support our public affairs meetings and initiatives

Forthcoming meetings

Meetings with EIOPA, EFRP and the European Commission are scheduled to take place on 30 November, 14 December and 15 December respectively.

The Spring meetings of the various committees will take place as follows -

- Standards, Freedoms and Professionalism / Insurance – 22/23 March – Utrecht
- Education, Pensions and IFR – 20 April - Ljubljana

I look forward to seeing as many as possible of you at these meetings

The Officers are always keen to receive feedback from member associations and encourage all member associations to participate actively in the work of the Groupe. If you would like me or one of the other Officers to participate in your annual meeting or some other event in your association's calendar, please let us know. Also, if you have any comments or questions on the above or a message of importance to the Officers please feel free to contact me or my fellow Officers through the Groupe Secretary or via the appropriate committees or project teams.

Gábor Hanák
Chairman

November 2011