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EUROPEAN ACTUARIAL CONSULTATIVE GROUP

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Notes of a meeting of the Standards Project Team
Vienna, 21 March 2013

Participants:

Chris Daykin (chairman)
Thomas Béhar (*by conference call*)
Mercé Claramunt
Dieter Köhnlein
Ad Kok
Yvonne Lynch (*by conference call*)
Jukka Rantala
Michael Lucas (Groupe Secretary)

Action

1. Opening of meeting and adoption of agenda

Chris opened the meeting and confirmed the agenda and papers as circulated, including two papers by Dieter relating to analysis of comments on the GCASP2 Exposure Draft distributed shortly before the meeting. The agenda should refer to 21 March instead of 21 January.

2. Apologies for absence

Apologies were received from Manuel Peraita and Nino Savelli.

3. Notes of previous meeting

The notes of the conference call held on 11 January 2013 were confirmed.

4. Actuarial Function report standard (GCASP2)

Chris noted that 14 responses had been received with comments on the GCASP2 ED: 10 from member associations, and one each from IAA, Insurance Europe (IE), UK Financial Reporting Council (FRC) and the Solvency II Pillar I Non-Life working group. He was disappointed that there had been no response from EIOPA. With the exception of IE, the responses were largely supportive, in particular those from member associations: comments from IAA and FRC were more qualified.

Dieter presented a summary of the main concerns which had been raised:

- Inclusion of regulations: not transparent enough what has been taken from regulation, some suggestions that regulations should not be included, or else quoted verbatim (many)
- Principle of Proportionality not reflected properly (several)
- Overlap / Inconsistencies with ISAP 1 (IAA)
- Groupe should not add requirements to the regulation (IE)
- General and transparent framework for Groupe standards missing (FRC)
- Many redundancies within the standard.

Members of the SPT shared the view that a revised ED should assume the adoption of ISAP1. It should also refer to (and quote) the relevant L2 and L3 regulations and guidelines, and this can only be undertaken once this L2/L3 material has been approved and published by EIOPA. However it was agreed that we should seek to discuss specific areas with EIOPA: Thomas will take this forward, and will include the Solvency II project team.

TB

Other points noted during the discussion included:

- Eliminating overlap with ISAP1 should allow GCASP2 to be significantly shortened
- To what extent should GCASP2 be mandatory?
- Focus on meeting needs of end user
- Should reliance on others be addressed?
- Include more on operational independence?
- Should not prescribe governance processes?
- GCASP2 cannot be imposed on non-actuaries

The Groupe's due process requires that comments received should be published, along with the responses by the SPT. Dieter and the drafting team (with input as appropriate from SPT) will revise Dieter's initial summary, and prepare a general high-level response for publication on the Groupe's web site by the end of May. More detailed individual responses will also be prepared for each organisation which replied to the consultation, but only touching on major points and not seeking to give a comprehensive reply to all points raised.

DK, DT

Although a formal revised ED cannot be prepared until the L2/L3 legislation is published (probably by the end of 2013), it was agreed that it would be useful to have a revised "working draft" of GCASP2 by September for discussion with SFPC and the guidance of member associations. This working draft will take account of the comments received during the recent consultation, in particular the ISAP1 overlap. We should aim to have a fully revised ED for the Spring 2014 meeting of SFPC, if the legal provisions have been finalised by then. It was agreed that the next Newsletter should include an update on what is happening to GCASP2 and what the Groupe's vision is for standards development.

SPT, DT

CD

Dieter's concern that the drafting team needs to be strengthened was noted. We will try to address this, although it is difficult to obtain volunteers who can make a strong contribution when work is already at an advanced stage.

5. ISAP1

Papers by Chris and Ad were noted. It was agreed that, although the Groupe cannot formally adopt ISAP1 (we are not an association of individual actuaries, nor are we a member of IAA), it is important that we show that the Groupe has accepted it. This can best be achieved by "re-branding" ISAP1 as GCASP1 – as proposed in Chris's paper - subject to appropriate ED due process. Chris invited members of SPT to let him have any comments on his draft by the end of March. A final version of this paper will be submitted to SFPC in April.

CD

6. Future programme of work

Chris's revised work-plan was noted. It was agreed to further amend this to reflect the slippage in the GCASP2 timetable discussed in item 4 above.

CD

7. Possible further development of standards

Chris referred to a recent e-mail exchange with Esko Kivisaari, Gábor Hanák, Karel Goossens, David Paul and Jim Murphy regarding other possible areas for the development of

standards: he will summarise and circulate the substance of this exchange to SPT members. There will be a discussion on this at the Insurance Committee meeting in Edinburgh in April. It was noted that independent review by actuaries will be considered further in the light of proposals for taking forward the work on the Role of the Actuary.

CD

Dieter suggested that proportionality might be a suitable area. Ad suggested that comparability with standards for auditors should be borne in mind.

8. Future meetings

Chris/Michael will suggest possible dates for a full day meeting to work on GCASP2, at which attendance by the drafting team will be welcome.

CD/ML