



# GROUPE CONSULTATIF ACTUARIEL EUROPEEN

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## Notes of a meeting of the Standards Project Team

### Amsterdam, 8 February

#### **Participants:**

Chris Daykin (chairman)

Maria de Nazaré Barroso

Thomas Béhar

Jiri Fialka

Ad Kok

Yvonne Lynch

Manuel Peraita

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. He apologised for the late circulation of the additional IAA papers on purpose of standards.

#### **2. Membership; Apologies for absence**

Apologies from Seamus Creedon were noted.

#### **3. Membership**

Chris reported that the DAV had not yet nominated a successor to Ulrich Orbanz. Yvonne Lynch (Society of Actuaries in Ireland) was welcomed as a new member. Membership of the Project Team was still open to representatives from other associations, although Chris preferred that it remains fairly small. Additional members and dedicated subgroups would be required once the drafting of standards begins.

#### **4. Update on activities**

Referring to the notes of the last meeting (26 November 2010), Chris noted that the Terms of Reference for the Standards Project Team and a re-named Standards, Freedoms and Professionalism Committee (SFPC) had been approved. The change in name to SFPC was still subject to a formal change in Statutes and approval by the General Assembly, but informal feedback indicated that member associations were happy that the change be adopted immediately.

Chris reported briefly on the Groupe's response to the European Commission on their consultation on draft L2 implementing measures, drafted by the Solvency II project team, in particular three questions relevant to standards where he had provided input. The response to the Commission highlighted our continuing concerns over the Actuarial Function and the development of standards/guidelines, and referred to the Groupe's September 2009 paper for

CEIOPS. Chris pointed out that in the latest L2 draft, reference to guidelines had been deleted. There was uncertainty over the Commission's current timetable, and how this might affect the Standards Project Team. Ad emphasised the need for the Groupe to grasp the opportunity to strengthen the wider role of the actuary through the development of standards; he pointed out that the Actuarieel Genootschap in the Netherlands is developing a paper on this, which he will share with us. Chris noted, however, that some associations (e.g. Sweden) are still to be convinced of the merit of the Groupe developing actuarial standards.

AK

Chris referred to the ABI view that the profession should oversee the development of actuarial standards.

It was noted that the Groupe had submitted two nominations for each of the two EIOPA stakeholder groups – Seamus Creedon / Thomas Béhar for Insurance, and Philip Shier / Hillevi Mannonen for Pensions. Carlos Montalvo (Chief Executive of EIOPA) will recommend names from the nominations submitted, and a decision is expected on 25 February.

#### **5. Proposals for architecture of standards (IAA and Groupe)**

Chris referred to the IAA initiatives, described in the circulated papers, to produce some generic and some specific International Actuarial Standards. He noted in particular the involvement of Gábor Hanák and Ad Kok in two of the groups involved, which would help ensure consistency with the Groupe's (and the Standard Project Team's) activities. The idea is that the Groupe will accept the generic standards produced by the IAA and then develop specific standards relevant to Europe and Solvency II. It was suggested that we should ask the IAA to appoint somebody from the Groupe to the generic standards working group, as we would be expecting to rely on the IAA to develop generic standards, but might need to take some initiative ourselves if the IAA was not progressing quickly enough.

CD

#### **6. Policies for setting standards and an appropriate due process**

Chris suggested the following framework for developing standards:

- due process;
- criteria for standards – against which to determine whether a standard is appropriate;
- does a standard meet these criteria?

It was noted that there is some urgency regarding due process. Ad reported that IAA is seeking to streamline this but at the same time to achieve greater involvement of, and feedback from, associations – he will keep the Standards Project Team informed of progress on the IAA task force and will circulate the IAA flowchart.

AK

Discussion of the 4 key areas of due process identified in Chris's paper and his revised draft proposal for due process (Annex 3) elicited a number of comments/issues, in particular:

- suggestions for standards can be originated within SFPC, or the relevant 'technical' committee, the project team or externally, including suggestions from individual member associations – but there has to be communication;
- process and communication should not be constrained by the formal 6-monthly committee face-to-face meeting schedule;
- the Project Team should develop a work plan, in consultation with associations, to be agreed by SFPC; this would be an evolving document, reflecting how proposals meet the criteria;
- proposals for standards will ultimately require endorsement by the General Assembly, and Statutes should be amended to allow for electronic voting;

- consultation with external stakeholders;
- statement of intent (it was noted that this is an area still under discussion by IAA);
- suggestion that a first draft of a standard (or part of it) might be developed alongside the statement of intent, so that what was intended could be better understood by those asked to approve the statement of intent;
- local constraints over approval of standards (e.g. endorsement by national regulator);
- how to ensure local compliance with standards.

In the light of these comments Chris will revise his paper, and in particular Annex 3, for the forthcoming SFPC meeting in Cologne. **CD**

## 7. Purpose and criteria for standards

In the light of the summary of the IAA's brief survey of the perceived purpose of standards, and discussion of Chris's draft on purpose and criteria, it was agreed that purpose and criteria should satisfy the following:

- achieve a certain (minimum) standard of quality;
- address expectations of stakeholders;
- reinforce the credibility of the profession, and guarantee quality in comparison to non-actuaries;
- importance of public interest;
- not explicitly self-serving;
- outward-looking;
- consistency rather than "unacceptable diversity";
- provide a basis for exercising professional judgement.

Chris agreed to revise his draft in the light of these comments. **CD**

## 8. Standard for actuarial report

Thomas gave a brief presentation (attached to these notes) of a draft standard for actuarial reporting, based on work by the UK BAS. It was noted that it would be important to ensure consistency with the Groupe's Code of Conduct and with relevant material by the IAA.

Members of the Project Team were asked to submit any comments to Thomas, who will develop the draft further with help from Manuel and Ad.

**TB  
MP, AK**

## 9. Future programme of work

- input from IAA and AG **AK**
- revised due process and purpose/criteria papers **CD**
- further work on standard for actuarial reporting **TB**
- outline work plan **TB/CD**
- set up high-level meeting with EIOPA and confirm next 6-monthly meeting with Commission **ML**
- encourage IAA to include a Groupe nominee on their Generic standards team **CD**
- communicate to IAA that we are happy with their proposed structure for developing standards, but we need output from their various working groups as soon as possible **CD**
- invite suggestions from Insurance Committee / Solvency II project team on the sort of standards they would wish to see **ML, SC, KG**

## 10. Contacts with stakeholders

It was agreed that contacts should be opened with CRO Forum, CFO Forum, CEA and AMICE with a view to arranging meetings in early summer.

**11. Future meetings**

- conference call – mid-April
- face-to-face meeting – Brussels - May.

**CD, ML**