



GROUPE CONSULTATIF ACTUARIEL EUROPEEN
EUROPEAN ACTUARIAL CONSULTATIVE GROUP

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MINUTES
of the Thirty-sixth meeting of the
GROUPE CONSULTATIF
held in Dublin
on Friday, 27 September 2013

PRESENT:

Members of the Groupe Consultatif:

Karel Goossens	Chairman
Gábor Hanák	Immediate Past Chairman
Malcolm Campbell	Vice-Chairman
David Martin	Chairman, Standards, Freedoms and Professionalism Committee
Esko Kivisaari	Chairman, Insurance Committee
Falco Valkenburg	Chairman, Pensions Committee
Christoph Krischanitz	Chairman, Investment and Financial Risk Committee
Mark Stocker	Chairman, Education Committee
Peter Prieler	Aktuarvereinigung Österreichs
Jiří Fialka	Ceská Společnost Aktuárů
Kristoffer Bork	Den Danske Aktuarforening
Thomas Béhar	Institut des Actuaire
Thierry Poincelin	Institut des Actuaire
Wilhelm Schneemaier	Deutsche Aktuarvereinigung
Michael Renz	Deutsche Aktuarvereinigung
Philip Shier	Society of Actuaries in Ireland
Dermot Corry	Society of Actuaries in Ireland
Carla Angela	Istituto Italiano degli Attuari
Ermanno Pitacco	Consiglio Italiano degli Attuari
Inga Helmane	Latvijas Aaktuāru Asociācija
Rokas Gylys	Lietuvos Aktuarijų Draugija
Henk Van Broekhoven	Het Koninklijk Actuarieel Genootschap
Magne Nilsen	Den Norske Aktuarforening

Jan-Åke Persson	Svenska Aktuarieföreningen
Luis Sáez de Jáuregui	Instituto de Actuarios Españoles
Lutz Wilhelmy	Schweizerische Aktuarvereinigung
Alois Gisler	Schweizerische Aktuarvereinigung
Nick Dumbreck	Institute and Faculty of Actuaries
David Hare	Institute and Faculty of Actuaries
Malcolm Kemp	Institute and Faculty of Actuaries
Ad Kok	Chief Executive, Groupe Consultatif
Michael Lucas	Secretary-General, Groupe Consultatif

Others attending as alternates or by invitation:

Philippe Demol	Institut des Actuaires en Belgique / Instituut van Actuarissen en België
Nevena Emanuilova-Kerenska	Bulgarian Actuarial Society
Mike Poulding	Channel Islands Actuarial Society
Kati Hoop	Estonian Actuarial Society
Richard Deville	Institut des Actuaires
Birgit Kaiser	Deutsche Aktuarvereinigung
Maria Economou	Hellenic Actuarial Society
Ana Maria Martins Pereira	Instituto dos Actuarios Portugueses
Wojciech Mojzuc	Polskie Stowarzyszenie Aktuaruszy
David Bogataj	Slovensko Aktuarsko društvo
Rafael Moreno Ruiz	Instituto de Actuarios Españoles
Félix Arias Bergada	Col.legi d'Actuaris de Catalunya
Kurt Wolfsdorf	President, International Actuarial Association

Apologies:

Jean Berthon	Honorary Treasurer
Dubravka Zoricic	Hrvatsko Aktuarsko Društvo
Christos Patsalides	Cyprus Association of Actuaries
Steinunn Gudjonsdottir	Félag íslenskra tryggingastærðfræðinga
Franck Marchand	Association Luxembourgeoise des Actuaires
Jean-Paul Shipley	Malta Actuarial Society
Florin Ginghina	Asociatia Romana de Actuarial
Branko Pavlovic	Udruženje Aktuara Srbije
Jozef Hančár	Slovenská spoločnosť aktuarov
Orhun Emre Çelik	Actuarial Society of Turkey
Antonina Redka	Society of Actuaries of Ukraine

1. Opening of meeting and adoption of the agenda

1.1 The Chairman welcomed members to Dublin, particularly Kurt Wolfsdorf who was representing the IAA as its President and those for whom it was their first meeting. The Chairman also thanked the Society of Actuaries in Ireland for hosting the meeting.

1.2 The agenda, as circulated, was adopted and a copy is attached to these minutes as **Annex I**.

2. Minutes of previous meeting

The Minutes of the 35th Annual Meeting, held in Rome on 19 October 2012, were confirmed.

3. Actuarial Standards

3.1 The Chairman of the Standards, Freedoms and Professionalism Committee (SFPC), David Martin, briefly summarised the work of the Standards Project Team (SPT) and the drafting team to prepare a revised working draft in the light of comments on the original Exposure Draft. He explained that a definitive ED could not be published until the Level 2 regulations and Level 3 guidelines had been finalised by the European Commission and EIOPA. However it was considered desirable to have available a working draft for promulgation to actuaries who may have the responsibility to prepare all or part of an actuarial function report in 2014. He regretted that it had not been possible, due to lack of resources, for the drafting team to complete this working draft yet. David described the work which the drafting team has undertaken particularly in response to comments about the structure of the standard to make transparent which requirements are based on the (draft) regulations and which are specific to the standard. Subject to comments by SFPC, the SPT and the drafting team will proceed with the proposed format. He re-emphasised the urgent need for additional volunteers to join the drafting team. Since EIOPA will shortly issue their own guidelines on governance to national supervisors, to be brought into force in 2014, David hoped that the working draft would be available by the end of 2013.

David also presented the proposed Exposure Draft of GCASP1, and explained that it was virtually identical to the IAA's ISAP1 except for references to Groupe Consultatif instead of IAA in the preface. He noted that an amendment to ISAP1, to introduce a separate glossary of definitions, has already been proposed by IAA: it will be necessary to amend the GCASP1 ED to reflect this. David explained that the SPT preferred that Groupe model standards should be self-contained, with definitions included as part of the standards. Subject to a few minor amendments suggested by SFPC, this exposure draft will be circulated for consultation with member associations and other stakeholders between 1 November 2013 and

28 February 2014. It will be up to local associations how they deal with this since they have already adopted ISAP1. However, the question remains as to whether a *material* change in ISAP1 should require full due process for a new ED of GCASP1: SFPC agreed that this could be dealt with on a fast-track basis.

3.2 The General Assembly approved the Standards Project Team's revised work-plan. It was noted that this included the establishment of a new task force, chaired by Gábor Hanák, to consider whether the Groupe should develop one or more model standards of practice relating to the risk management function itself, the contribution of the actuarial function to the risk management function and the role of the actuarial function in contributing to the implementation of internal models. Volunteers were invited to join this task force: David and Gábor emphasised that membership of the Committee is not a pre-requisite.

3.3 David referred to the progress report from the task force reviewing the Code of Conduct. He reported that a wide-ranging discussion at SFPC had identified a number of aspects which required more detailed attention and clarification, in particular:

- to whom the Code should apply (Fully Qualified Actuaries?)
- the context in which it should apply (only when providing actuarial services?)
- principles-based rather than prescriptive in detail
- reference should be made to social responsibility and public interest
- the principle of subsidiarity must be respected

David pointed out that, as a result of these comments, the task force will require a longer time-frame to complete its review.

4. **Report of the Officers**

The Chairman, Karel Goossens, presented the report of the Officers. He noted that the Officers worked well together through their regular monthly meetings and conference calls, and were a strength to the Groupe in supporting its ambitions and achieving its objectives. He welcomed Ad Kok as the new Chief Executive, and was happy to confirm that Michael Lucas will continue to work for the Groupe on a part time basis. He expressed his appreciation to Alison Shoemith and Pia Skaerbak, who were now leaving the secretariat, for their service to the Groupe. Karel also drew attention to the appointment of Jean Berthon to EIOPA's Insurance and Reinsurance Stakeholder Group as a representative of consumers: Karel noted that the Groupe faces a new challenge to identify what role actuaries can have in consumer protection, in response to EIOPA's new initiative on retail risks.

Other elements of the Officers' report, such as the proposal for a new name, the budget, the strategy and action plan, and committee issues are discussed under different items of the agenda below.

Thomas Béhar emphasised the need for greater transparency and engagement with member associations in relation to strategy development, and more information on progress against the Action Plan and its objectives. The Chairman explained that the strategy document and the Action Plan had been separated in response to a request by the General Assembly in Rome. The strategy document (mission and vision) would be reviewed every 3-5 years by a small task force, while the Action Plan should be updated every year by the Officers and approved by the General Assembly. The Chairman also emphasised the importance of the new role of Chief Executive, which would strengthen the Groupe's structure and its representation with other stakeholders. The Chief Executive will be responsible to the Chairman for implementing Groupe policy and priorities as decided by the Officers. In answer to a question from Luis Sáez, the Chairman agreed that the title should be "Chief Executive" rather than "Chief Executive Officer" (used in the Officers' Report), to avoid any misunderstanding with the use of CEO in a commercial context.

Thomas also drew attention to the importance of the consumer protection issue, and of engaging member associations. The Chairman noted that the CP task force has close liaison with the technical committees, and that the intention was to integrate consumer protection into the core work of the committees. He also explained that the CP task force would be addressing EIOPA's request for the Groupe to assist on retail risks, in particular the development of an early warning system, risk indicators, and what risks to cover. The task force will prepare an inventory of possible indicators that can be used as a starting point for the discussion with EIOPA. The technical committees will also be asked to contribute to and review the response to EIOPA. The Chairman emphasised, however, that it is not for the Groupe to take a position on what is fair, toxic, or sub-optimal – these are regarded as political issues. Jean Berthon will prepare an initial draft paper, including ideas on what role actuaries can play in consumer protection, by the end of October for discussion by the Officers in the first instance.

The Chairman confirmed, in response to a question from Thomas Béhar, that the new name proposed for the Groupe (Actuarial Association of Europe) would be represented in French (Association Actuarielle Européenne) on official correspondence and documents.

Several delegates commented on the restriction of the attendance at the General

Assembly to membres titulaires, membres suppléants (or designated alternates), and invited observers. The Chairman explained that the Officers had taken this decision to limit numbers in order to allow better discussion, particularly on potentially sensitive issues.

Richard Deville expressed regret at the loss of Alison and Pia. The Chairman explained that the strategic restructuring and resource constraints did not allow these roles to be continued. The new Chief Executive would consider the need for additional administrative support as and when necessary.

5. Groupe Strategy and Action Plan 2014

The General Assembly approved the Action Plan for 2014. The Chairman reiterated that the strategy (mission and vision) was a longer-term document and would be reviewed every 3-5 years by a small task force, but with consultation of member associations, while the Action Plan should be updated every year by the Officers and approved by the General Assembly.

6. Finances

In the absence of the Honorary Treasurer, Jean Berthon, the Chairman presented his annual report, including the Groupe's accounts for 2012, the expected outturn for 2013, and the five-year budgets for 2014-2018.

The General Assembly approved the Groupe's accounts for 2012. Thomas Béhar pointed out that the accounts – while prepared by an external accounting firm – were unaudited, although the Groupe's Statutes (Art 16) require that they should be audited. The Secretary noted that practice had not changed over the years, and Nick Dumbreck offered the explanation that modern audit requirements and regulation are much more stringent than when the Groupe was originally established, when preparation of the Groupe's accounts by an independent external accountant probably satisfied the requirement of the Statutes. However Nick believed that the position needs to be regularised, either by having the accounts audited or by deleting the word "audited" in Article 16. The General Assembly concurred with this view, and it was agreed that the accounts should in future be subject to a formal audit, acknowledging that this would involve an additional cost to the Groupe.

For 2013, the Chairman pointed out that the staff overlap with the appointment of the new Chief Executive would not require the budgeted € 30000, which would be available for other contingencies. The General Assembly approved the 2013 budget, and noted the forecasts for 2014-2018.

For the future, Félix Arias suggested that the Groupe might publish annually the contributions paid by each association. David Hare feared that this might cause concern amongst the smaller associations, who might feel that they do not have an equal voice in the Groupe. Philip Shier suggested that an alternative approach could be to publish instead the size category into which each association fell. David Hare also expressed concern at the potential risk if all the Groupe's finances are held by one bank. It was agreed that the Officers should consider these points.

The annual fee for 2015 was noted.

7. Name of the Groupe

The General Assembly approved the proposed change of the name of the Groupe to *Actuarial Association of Europe*, and noted that the French equivalent (*Association Actuarielle Européenne*) would also be used in all official correspondence and documents.

8. Changes in Statutes

As a consequence of the decision taken above to adopt a new name for the Groupe, the Chairman explained that a number of changes in the Statutes would be required. At the same time, the Officers proposed other minor changes, to introduce gender-neutral nomenclature (*Chairperson* instead of *Chairman*), in line with increasing practice in international use of English (although the Chairman noted not always preferred by traditional native English-speakers). Additionally it was proposed to introduce the new role of Chief Executive into the Statutes.

The General Assembly gave approval in principle for the proposed changes. The Chairman pointed out that a formal three-month exposure period is required: if this produces the necessary agreement then the changes, and the new name, would become effective from 1 January 2014.

9. Report of Nominations Panel

Election of Officers

Gábor Hanák presented the report from the Nominations Panel and highlighted the following recommendation:

- Vice-Chairman of the Groupe - Michael Renz

The General Assembly approved this recommendation.

Honorary Membership/Chairmanship

The General Assembly warmly approved the following recommendations for

Honorary Chairmanship:

- Carla Angela
- Bruce Maxwell

Review of Nominations Panel Membership

It was noted that the membership of the Nominations Panel had been revised following the appointment of new Officers in 2012 and the death of Fulco Lock. Philip Shier and Leandru-Florin Gingham were appointed in place of Jukka Rantala and Fulco Lock. Following the Officer appointment above (Michael Renz), and the fact that the membership numbers of the Irish association have increased such that it now falls into the 601-1200 category, it is necessary to replace Norbert Heinen (Germany) representing the >1200 category, and Philip Shier representing the 151-600 category. Nominations for representatives of these two categories would be invited in November.

Changing Chairman to Chairperson

It was noted that the proposal to change *Chairman* to *Chairperson* would be made once the necessary amendments to the Statutes, discussed in item 8 above, are adopted. The appointments of Carla Angela and Bruce Maxwell as *Honorary Chairmen* would then become *Honorary Chairpersons*

10. Committee Reports

Reports from the Committees were considered.

[**Note:** The Standards, Freedoms and Professionalism Committee, the Insurance Committee, the Pensions Committee, the Investment and Financial Risk Committee and the Education Committee had all met earlier in the day or on the previous day. The agenda and papers for these Committee meetings had all been circulated to members of the Groupe.]

10.1 Standards, Freedoms and Professionalism Committee

The Committee's report was noted. The Chairman of the Committee, David Martin, also referred back to his report earlier in the agenda (item 3 above) on actuarial standards. David highlighted.

- the development of a template for a mutual recognition agreement between the Actuarial Society of South Africa and individual member associations of the Groupe
- EU competition legislation which had significant implications for the Groupe and individual associations who may be discussing potentially commercially sensitive data; information provided by the Institute and Faculty of Actuaries includes useful advice on best practice, particularly in the conduct of meetings

- the results of a survey on fully qualified actuaries/membership categories which showed reasonable uniformity across associations, but suggested some disparity in CPD and experience requirements, which the Committee may investigate further

10.2 **Education Committee**

The Committee's report was noted. The Chairman of the Committee, Mark Stocker, drew particular attention to the principal issues discussed at the meeting on 26/27 September:

- analysis of the responses to the self-assessment of education programmes; further work will be required to review some associations, and liaison with IAA will be required to ensure that a single common assessment process is sufficient to satisfy the requirements of both organisations;
- mapping the Groupe syllabus on to the IAA syllabus;
- the success of the 2013 Summer School in Lyon: there will be no Summer School in 2014 (when ICA will be held), and associations are now invited to offer to host the next Summer School in 2015

Nick Dumbreck expressed concern that the Romanian association had not complied in a timely manner with the conditions set at the 2012 General Assembly for assessment of its education programme. Mark agreed to submit a report on this issue to the Officers and to the next meeting of the Education Committee.

10.3 **Insurance Committee**

The Committee's report was noted. The Chairman of the Committee, Esko Kivisaari, paid tribute to his Vice-Chairman, Jim Murphy and to the Solvency II project team for their hard work and support. He highlighted:

- a number of comments and points identified by the Groupe in response to Commission/EIOPA consultation papers had emerged in the Solvency II compromise proposed by the Lithuanian presidency;
- EIOPA's final guidelines had been published earlier in the day;
- contacts with an increasing range of other stakeholders
- two of the three nominations by the Officers for membership of EIOPA's Insurance and Reinsurance Stakeholder Group (Seamus Creedon and Annette Olesen) had been successful.

10.4 **Pensions Committee**

The Committee's report was noted. The Chairman of the Committee, Falco Valkenburg, highlighted the following key issues:

- discussion of Pillar 1 issues in the IORP review had been deferred;

- EIOPA's main focus is currently on sponsor support, and the Committee is preparing a response to the EIOPA consultation paper;
- market consistency is strongly linked to this, both at political and technical level, and the Committee is working on a paper which will be subject to scrutiny by the other technical committees;
- interest by the Commission in the work on decumulation issues;
- the substantial activities of the Social Security Sub-Committee on Pillar 1 and Pillar 3 pensions: the Commission and other stakeholders are particularly interested in its report on tracking services, and in work on methodology for the 2015 report on ageing; new task force on adequacy of pensions

10.5 **Investment and Financial Risk Committee**

The Committee's report was noted. The Chairman of the Committee, Christoph Krischanitz, commented on a particularly good attendance at the meeting on 27 September, and referred to key issues discussed at the meeting:

- the importance of other areas of regulation (e.g. shadow banking, MiFID, UCITS), the need to extend contacts with other stakeholder (ECB, EBA, ESMA) and have greater participation here;
- proposals for the re-development and use of the market consistency web portal will be discussed with the Officer.

11. **International Actuarial Association**

The Chairman invited the President of the IAA, Kurt Wolfsdorf, to present an overview of the work of the IAA. Kurt's presentation (attached to these minutes as **Annex II**) highlighted

- IAA Governance review
- strategic plan and activities
- actuarial standards
- Memoranda of Understanding and links with various international organisations
- educational monographs

12. **Chairman's Annual Review**

In a brief presentation (attached to these minutes as **Annex III**), the Chairman gave his personal perspective on his year in office. He highlighted four key areas::

- membership issues
- the profession
- development of new areas of interest

- organisation of the Groupe

In conclusion, Karel extended his thanks to the Officers and the Secretariat for their support during the year, and the many active volunteers on committees.

13. Future Annual Meetings

Arrangements for future Annual Meetings were noted as follows:

2014 – Helsinki, Finland – 3 October 2014

2015 – Bucharest, Romania – *subject to confirmation*

On behalf of the Col.legi de Actuaris de Catalunya, Felix Arias extended an invitation to host the 2016 Annual Meeting in Barcelona (alternatively in 2015 in the event that the Romanian association are unable to undertake such a large event).

14. Any other business

There was no other business.

15. Chairman of the Groupe

The Chairman, Karel Goossens, invited the Vice-Chairman, Malcolm Campbell, to take the chair. Karel thanked the Groupe for their confidence and for the privilege of serving as its Chairman, which he had enjoyed immensely.

In accepting the chair, Malcolm looked forward to leading the Groupe through a demanding year, and to maintaining the high standards and achievements which his predecessors had established.

16. Date and place of next meeting

It was noted that the next meeting would be held in Helsinki, Finland on Friday, 3 October 2014, with Committee meetings on 2-3 October.