



Society of Actuaries in Ireland

Life Insurance Newsletter

April 2021

Life Committee

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Dear All,

We are pleased to bring you the second edition of the Life Committee newsletter.

CPD has been front of mind for the Life Committee in recent months with numerous Life CPD events organised for April and May including the 2021 Life Forum and 2021 Life Re Innovation Forum. We look forward to seeing high number of Life actuaries participating in these events.

In addition to the usual updates on the activities of the Life Committee and its sub-committees, we also draw readers' attention to some new content on the Society's website including the results from the most recent analysis carried out by the COVID-19 Action Group and some new Reading Lists which have been published since the last newsletter.

As ever, feedback is always very welcome and so please do not hesitate to contact any of the Life Committee members (or alternatively email the Society directly at info@actuaries.ie) to share your thoughts.

The Life Committee

CPD

2021 Life Forum

The annual Life Forum takes place on the afternoon of 12 May from 2pm to 5pm. The agenda covers a wide range of industry topics including sustainability, COVID and fair treatment of vulnerable customers to name but a few.

We are also very pleased that Brona Magee, Deputy CEO, SCOR Global Life has agreed to be the keynote speaker and so the international perspective which Brona brings from her day to day role will ensure a fascinating and thought provoking plenary session.

The format will follow closely that adopted for last December's annual convention with pre-recorded sessions but speakers available for live Q and A at the end of each session. Members who register for the Forum will be able to attend the sessions on the day but can also access the sessions at a later date.

You can register for the Forum [here](#).

CPD - 2021 Life Re Innovation Forum

The main CPD activity in April/May is concentrated on the Life Re Innovation Forum which is a series of sessions organised by the Life Reinsurance & Innovation Committee covering topics such as Dynamic Pricing, Advances in Mental Health Underwriting and Advances in technology (see below for more detail on these). Each of the events are available to book now and will be made available on Actuvue.

[Life Insurance pricing – the next frontier of innovation](#) - Wednesday 21 April 2021 12:30PM

[Innovations in life insurance – a panel discussion](#) - Friday 23 April 2021 10:00

[Mental Health Underwriting – updating for current medical practices](#) - Thursday 29 April 2021 12:15PM

[Harvey Nash/KPMG CIO Survey 2020 – Everything changed. Or did it? Advances in Technology Strategy, Technology Delivery, People, Cyber and Data](#) – Wednesday 5 May 12:30pm

Reading Lists

There continues to be an appetite for education and assistance notes for members which would provide support for actuarial work in a less formalised way than is the case with Actuarial Standards of Practice.

During 2020, the Life Committee began developing such content with the publication of a [Reading List for Life HoAFs](#) in December 2020. A [Reading List related to Financial Reporting topics](#) was also published on the SAI website in January 2021. The Life Committee intends to create additional content during 2021 and the Life Reinsurance & Innovation Committee has started work on producing a reading list of useful papers for Actuaries working in Life Insurance Pricing and Product Development.

The Life Committee would love to hear suggestions from members for further reading list topics.

Cross Border Committee

The Cross-Border Life Committee is sub-committee of the Life Committee which provides a formal consultative and discussion forum for actuaries involved in cross-border business being transacted from Ireland which enables knowledge sharing and open debate on cross-border life assurance issues.

Of particular interest to committee members are the market updates. These are opportunities for sharing and understanding trends in other jurisdictions. In the UK, we are seeing some regulatory divergence where the Sustainable Finance Directive has not been implemented although we would expect to see something very similar being developed for the UK market. The regulator in Italy is coordinating an industry wide 'sleeping

policies' (or 'dormant policy' i.e. a policy which has not had any activity on it for a period of ten years) initiative which requires companies to identify sleeping policies' beneficiaries and make appropriate payments. Authorities in Sweden are touting the success of a recent anti-money laundering campaign. We also noted there that banks have restarted paying dividends which were restricted last year. This subject is of interest given how many cross-border companies are subsidiaries of larger Groups. Like many regulators across Europe, the CBI had restricted payment of dividends in 2020.

There was some surprise with recent developments on Packaged Retail Investment and Insurance Products (PRIIPs) where it is expected that the EU Commission will adopt the RTS before the end of September with an expected application date of July 2022. This would lead to changes in the way forward-looking projections are calculated. The UCITs exemption will also be removed. We discussed the potential implementation date of the changes being the start of 2022 and how challenging that date will be.

There is a good deal of interest in the CBI's CP131 (Regulations for pre-emptive recovery planning for (re)insurers). The potential work being significant for smaller entities and any requirements in relation to parental guarantees are of particular interest given the structure of many cross-border companies in Ireland.

We also discussed recent EIOPA pronouncements on sustainable investments. This topic is even more pertinent with the Sustainable Finance Disclosure Regulation now effective since 10 March 2021. It was noted that in the UK, ESG considerations are becoming more important to winning corporate business. It was also noted that more fund managers are revamping their fund range with new sustainable funds or converting their existing funds to being sustainable.

PRSA Committee

The PRSA committee is a sub-committee of the life committee which allows actuaries discharging the statutory role of PRSA Actuary to come together and discuss topics of relevance to this role, as well as providing an opportunity to acquire PRSA specific CPD. The last few months have been a busy time for PRSA Actuaries – the legislation requires the PRSA Actuary to determine each year the extent to which PRSA providers have complied with their obligations under the Pensions Act, and this "PRSA Actuary determination" must be carried out by end February each year. Part of the focus of the committee in recent months has been in relation to providing a forum for PRSA Actuaries to discuss any issues arising through their determinations. In addition, we have reviewed papers from the Finance & Investment Committee in relation to investment assumptions feeding into the PRSA ASPs, and fed back comments from the committee where relevant.

At the most recent PRSA committee meeting we spent some time discussing the Interdepartmental Pensions Reform and Taxation Group's recent paper, with a particular focus on the increased role of PRSAs, or a PRSA-based structure, in a simplified pensions landscape. Following this meeting a small sub-group of the committee carried out an initial high level assessment of the elements of the PRSA legislative environment that would need to change to facilitate the IPRTG recommendations, and to prepare a high level discussion document to facilitate engagement with legislators on this issue. Over the coming months we expect to bring this paper back to the wider committee to reflect wider views, before engaging further with legislators.

Life Reinsurance & Innovation Committee

Following on from our Life Re 'Future of Underwriting' CPD series in 2020 the Committee has been busy organising the 2021 Life Re Innovation Forum running from 21 April to 5 May (see CPD section for more information on the sessions). Each of the events are available to book now and will be made available on Actuvew.

As mentioned elsewhere, another area we are working on is producing a reading list of useful papers for Actuaries working in Life Insurance Pricing and Product Development.

The Committee continue to explore topics that we believe could be interesting to the wider membership. If you are interested in getting involved please contact one of the committee members. The Committee members are: Aisling Bradfield, Ciaran Belton, Cillian Ryan, Clara Leahy, Eoin King, Julie McCarthy, Gavin Maguire (Chair), Niall Mulvey, Philip Shier, Sarah Lynch, Sean Nangle, Svilena Dimitrova and Thomas Moran.

Other Life Committee Activity

We are currently working on a review or update of ASPs including ASP LA-5 (Prudential supervision outside Republic of Ireland) and ASP LA-6 (Role of Independent Actuary in Scheme transfers). The aim of the review in each case is to ensure that the ASPs are fit for purpose and consistent with the current approach to regulation of the Life Insurance industry in Ireland. Minor updates to ASP LA-8 (Life Assurance Product Information) are also likely later in the year.

The Committee has established a new Working Group, led by Olive Gaughan, on the topic of Policyholders' Reasonable Expectations (PRE) within a Solvency II environment. It is envisaged that the Working Group will consider areas where life actuaries are currently called upon to opine on or consider PRE within their day-jobs and produce material to facilitate discussion on these (and

potentially wider) areas in the form of a paper or CPD meeting for members. Items that are expected to be covered include (at a minimum) PRE in the context of investment management / unit pricing, Product Oversight and Governance including, for example, how Companies deal with historic contract clauses which give discretion to "the Actuary" in respect of items such as product charges, PRE in the context of Portfolio Transfers and policyholder communications in general.

COVID-19 Action Group Blog

Although its activities do not fall under the auspices of the Life Committee, we would encourage our Life members to follow the work of the COVID-19 Action Group. This Group has been very active in the last year and earlier this month published [Blog #11](#) which presents its latest analysis based on data taken from RIP.ie up to 1 April 2021.

Meeting with CBI

The Society, represented by the Chairs and Deputy Chairs of the Life and GI Committees, along with Philip Shier, Head of Actuarial Practice, has quarterly meetings with the Actuarial team in the Central Bank of Ireland (CBI). The purpose of these meetings is to give each side the opportunity to update on current and planned future activity, to better understand the related issues and risks that may be developing relating to the insurance industry and to discuss specific issues as they arise.

The most recent meeting was held on 4 March 2021 when the following issues were discussed:

1. CBI policy on dividends

CBI advised that its policy on distributions reflected the positions taken by the European institutions and had been publicised during 2020. Following a change in the positions taken by the EU bodies, the CBI issued updated

guidelines in a [Q&A document](#) published on 18 February.

2. Climate change

The CBI had been considering climate change issues as part of their emerging risks work, which also included issues such as cybersecurity and pandemics. They had recently established a cross-sectoral Climate Change unit which would focus on this issue. Climate change was a key theme of Insurance Industry event in November.

The CBI issued a survey last year to firms and the CBI and will publish observations during 2021.

Aisling Kennedy from the Society's Sustainability and Climate Change Steering Group (SCCSG) outlined the recent activity of the SCCSG, which is described in the Society's April Newsletter. The Society had submitted comments to the AAE in relation to three climate related consultations over the past few months, copies of which had been sent to the CBI for information.

3. Solvency II review

The CBI outlined the expected activities arising from the Solvency II 2020 review. EIOPA areas of focus for review in 2021 included negative TPs and contract boundaries.

4. Peer review requirement

In response to a query from the Society, the CBI advised that no amendments have been made to the peer review requirements following the changes to PRISM ratings last year. Firms who were about to undertake a peer review and whose PRISM rating had been reduced might

find that a peer review was not now required under the DAR; conversely for firms that had an increased rating, the peer review requirement was brought forward, compared to what the firm had originally planned.

The Society provided an update on activity within the Committees, including proposed amendments to ASPs under consideration by the Life Committee. It was noted that the GI Committee had separate meetings with the CBI in relation to the NCID.

Comments and feedback from members on this report should be addressed to any Life Committee member or to Philip Shier.