



Europé(en) Matters

Bruce Maxwell FSAI
Chairman, Groupe Consultatif Actuariel Européen

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EUROPE Matters



- **Does Europe matter?**
- **Does it affect us?**
- **How do we respond?**

Groupe Consultatif Actuariel Européen



- The ***Groupe Consultatif Actuariel Européen*** was established in 1978
- It represents actuarial associations in the European Union member states and other countries in Europe
- Its purpose is to provide advice and opinions to the various organisations of the European Union (EU) - the Commission, the Council of Ministers, the European Parliament, CEIOPS and their various committees – on actuarial issues in European legislation
- The *Groupe* currently has 35 member associations in 32 countries, representing over 18,000 actuaries
- The actuarial associations in 26 of the 27 Member States of the European Union are currently members of the *Groupe*, along with associations in EEA countries, Switzerland, and a number of EU candidate states

Groupe Consultatif Actuariel Européen



- The purpose is to provide advice and opinions to the various organisations of the European Union (EU) on actuarial issues in European legislation
- Advice and comments provided by the Groupe on behalf of the European actuarial profession are totally independent of industry interests
- Through the Groupe's Core Syllabus for actuarial education, Mutual Recognition Agreement, and code of professional conduct, there is in place a robust governance framework which ensures the objectivity, integrity and independence of actuaries
- The Groupe regularly publishes, via its web site (<http://www.gcactuaries.org>), surveys amongst its member associations on issues of topical relevance in pensions, insurance and investment and financial risk

Criteria for membership



Code of conduct reflecting at least the Groupe's Code of Professional Conduct + formal disciplinary process

If standards of practice are recommended by applicant association, an appropriate promulgation process must be in place meeting the following criteria:

- exposure of proposed standards to members and, where relevant, to third parties for comment
- consideration of comments on the exposure draft
- promulgation of standards by an authority vested with adequate powers
- publication of standards and distribution to practitioners

Must comply with minimum education standards (Core Syllabus)

Membership (Association of Associations)



- **Full Member Associations**

Austria

Belgium

Cyprus

Czech Republic

Denmark

Estonia

Finland

France

Germany

Greece

Hungary

Iceland

Ireland

Italy (2)

Latvia

Lithuania

Luxembourg

Netherlands

Norway

Poland

Portugal

Slovakia

Slovenia

Spain (2)

Sweden

Switzerland

United Kingdom

Membership



- **Observer Members**

Bulgaria
Channel Islands
Croatia
Romania
Turkey
Ukraine

Officers and Committees



- Chairman - Bruce Maxwell (Ireland)
- Vice-Chairmen - Chris Daykin (UK)
- Gabor Hanak (Hungary)
- Past Chairman - Peter Prieler (Austria)
- Hon Treasurer - Jean Berthon (France)
- Freedoms and Professionalism
- Malcolm Campbell (Sweden)
- Insurance - Karel Goossens (Belgium)
- Pensions - Philip Shier (Ireland)
- Investment & FR - Falco Valkenburg (Netherlands)
- Education - Ron Hersmis (Netherlands)
- Secretary - Michael Lucas (Oxford / Brussels)



Originally -

- to provide advice and opinions to various organisations of EU (Commission, Council of Ministers, Parliament)

Now in addition and more proactively -

- a focal point for communication on professional and technical matters among all European actuarial associations

Who we relate to



- European Commission DGs -
 - Internal Market
 - Employment & Social Policy
 - Taxation & Customs Union
- CEIOPS (EU Supervisors) / EIOPA (from 1/1/2011)
- European Pensions Forum / EFRP
- CEA / AMICE
- CRO Forum, CFO Forum
- Others

EU Environment



- complicated EU legislative process
- proposals for Directives initiated by European Commission
- consultation at all stages with professional experts to ensure proposals are effective and practicable
- major contributions to this process by Groupe - good working relationship with Commission
- membership of various Commission working groups
- Lamfalussy / de Larosiere

In practice ...



- regular submissions and bilateral meetings with Commission on pensions, insurance and financial risk matters
- strong connections with EU supervisory agencies, significantly enhanced by Solvency II Project approach
- raising awareness of actuarial profession
- coordinating and promoting more pan-European actuarial profession -
 - Mutual Recognition Agreement
 - Code of Conduct
 - Core Syllabus
- programme of Colloquia and Summer Schools

Examples of significant Groupe material



- Solvency II (including Glossary of terminology)
- report on system of actuarial principles for valuation of assets/liabilities of institutions for retirement provision - requested by Commission in drafting IORP Directive
- advise on technical issues relating to pensions portability
- gender differentiation in insurance

- History lesson - Groupe recommendations (1990) on actuarial principles and technical reserves for life assurance formed basis for 3rd Life Directive articles

Note: Groupe Consultatif is an *independent professional* organisation, not an industry lobby group

- Solvency II
- Role of the actuary / actuarial function
- Implementation of Gender Directive
- Equality and non-discrimination Directive
- Mortality studies

- Professional standards

- CERA and mutual recognition

- EU Green Paper on Pensions
- Review of IORP Directive
- Application of Solvency II to pensions?
- Portability and transferability
- Tax obstacles
- ‘prudent person’ approach to investment of pension fund assets



- Investment
 - ERM
 - Market Consistency
 - DC schemes
- Education
 - Implementation and updating of Core Syllabus for actuarial training in Europe
 - Assessment procedures
 - Levels of actuaries other than Fully Qualified Actuaries
 - European Congress / Summer Schools

Current issues – brand and strategy



- Office location
Oxford (UKAP) ----> Brussels (IA|BE)
- Formal legal status – Swiss Verein
- *Public Affairs* resources
- Solvency II support resource
- Increased fees!!

EU Directive - actuarial “role”



- Actuarial Function - Level 1 Text (Directive)
- Article 48(2)

*The actuarial function shall be carried out by persons who have knowledge of actuarial and financial mathematics, commensurate with the nature, scale and complexity of the risks inherent in the business of the insurance or reinsurance undertaking, and who are able to demonstrate their relevant experience with applicable **professional** and **other standards**.*

Solvency II Role of the Actuary



- The role of actuaries is specifically recognised in the Level 1 text – SOMETHING NEW
- There is a danger that actuaries could be pigeon-holed (“boxed-in”) to discharge specific tasks
- ... but the Actuarial Function can be partially or fully integrated with Risk Management Function
 - Big opportunity for actuaries to become risk managers
- ... and note the development of European Actuarial Guidelines per Level 2 text
 - New area - the devil will be in the detail
 - Role of local guidance remains to be seen

European Actuarial Guidelines



- The Level 2 text refers to technical standards
- The Groupe's Actuarial Standards Task Force (ASTF) has been working for 18 months developing a GC position on actuarial standards
 - Public Interest Standards
 - Qualification Standards
 - Ethical Standards
 - Governance Standards
 - Communication Standards
 - Technical Standards
 - Interpretative Standards
 - Technical Implementation Standards
- Report to be considered at Annual Meeting in Brussels

ASTF – Statement of Objectives



Given the roles for actuaries envisaged under Solvency II and the framework of measures to be established by the Commission and CEIOPS / EIOPA, it is considered essential:

- To contribute effectively to the development of European actuarial standards and guidelines
- To assist actuaries within the EU to be able to operate within a common professional framework for Solvency II
- To promote and support actuaries in a wide range of roles under Solvency II

Scope could be broadened later but focus on Solvency II initially

ASTF Proposals



- Establish Standards Committee
- Be ready to contribute effectively to the development of European actuarial standards / guidelines, whether under EIOPA or by the Groupe
- Provide advice and comments to CEIOPS / EIOPA on development of guidelines (“external standards”)
- Develop additional professional / other standards to support actuaries carrying out other work in relation to Solvency II (“internal standards”) – process proposed

ASTF Proposals



- Complex task – will need high level of commitment and expertise
- Would change relationship between member associations and the Groupe
- Motivation - Serve the public interest by promoting high quality actuarial practice and convergence of practice between actuaries in Europe
- Strong majority but not yet unanimous support for Groupe proposals

Numbers of Actuaries – GC Survey December 2008



| | Life | Non-Life | Pensions | Other | Consultants | Total |
|----------------------------|-------------|-----------------|-----------------|--------------|--------------------|---------------|
| 5 years ago | 4 904 | 1 879 | 4 322 | 3 524 | 4 287 | 14 629 |
| Now | 6 566 | 2 731 | 5 533 | 3 830 | 5 871 | 18 660 |
| In 5 years | 9 228 | 4 390 | 7 412 | 4 440 | 8 394 | 25 470 |
| Projected growth pa | 7.0% | 10.0% | 6.0% | 3.0% | 7.4% | 6.4% |

Our Future?



T E A

(not the TEA Party)

Our Future?



The European Actuary

Our Future?



The European Actuary

1. New Publication – *The European Actuary* magazine

Our Future?



The European Actuary

1. New Publication – *The European Actuary* magazine

2. Each of us?

Europe Matters



- European Actuarial Profession needs a strong Groupe to ensure the challenges are addressed
- Member associations must support and contribute
- Members of member associations must play their part, just as they do in their own association
- Think outside the box – where the *BOX* in this instance is the national boundaries
- And there is fun to be had while doing it!!

Groupe Consultatif Actuariel Européen



Do join in

**Feel free to discuss with your local
representatives!!**

Thank you