

# United Kingdom

## Statutory Requirements

- Lloyd's Syndicate Actuary Certificate – for signing off Statements of Actuarial Opinion (SAO)

## Current market developments / Actuarial issues

- **Solvency 2:** Implementation of the directive but also uncertainty regarding the final implementation date
  - **Actuarial Function Report**
- **Civil Justice reforms:** Motor and Liability
  - Cap on success fees
  - Introduction of damaged-based agreements
  - Ban on referral fees
- **Gender Equality Directive:** effective 31 December 2012 affecting Motor Insurance pricing

## Requirement specifics

- **Practicing Certificate:**
  - Fit and Proper
  - at least 3 years experience of actuarial work in the field of general insurance and have exposure to Lloyd's or London Market.
  - Carried out reserving work for a Lloyd's Syndicate or the Corporation of Lloyd's within the last 12 months
  - Meet CPD requirements – no less than 30 hours of verifiable activity

# Australia

## Statutory Requirements

- Liability valuation for IFRS reporting
- Liability valuation for Australian Prudential Regulation Authority (APRA)
  - Requirement for External Peer Review: generally undertaken by consultants
  - For health insurers, different requirements exist: Regulated by health regulator: PHIAC
- Financial Condition Reporting (FCR) for APRA: Detailed report covering wider management of insurance company. Used by the board.
- Principles based regulation

## Current market developments / Actuarial issues

- **Risk Based Capital:** APRA recently finalized new requirements for RBC to improve risk sensitivity of existing RBC framework
- **Internal Capital Adequacy Assessment Process (ICAAP):** New requirement. Not necessarily owned by actuaries, but actuaries heavily involved.
- **Compulsory insurance products:** Compulsory insurance products are closely regulated by the states: Workers compensation, Motor Compulsory Third Party Cover, Home Warranty, etc.
  - Depending on state, common law and statutory benefits
  - Sometimes Pricing factors and Rate increases controlled
  - Motor Compulsory Third Party, for example, Actuarial report submitted to the regulatory body to approve premium rates

## Requirement specifics

- **Appointed actuary requirement:** APRA approval required for appointment of actuary. Qualification and experience requirements.
- **Liability valuation:** Sophisticated requirements by APRA and Actuaries Institute. Requirement for valuation of claims liabilities and premium liabilities – best estimate and 75<sup>th</sup> percentile risk margins.
- **FCR:** Covers a broad range of areas including: liabilities, profitability, pricing, solvency, reinsurance, risk management.

# Singapore

## Statutory Requirements

- Liability valuation for IFRS reporting
- Liability valuation for Monetary Authority of Singapore: annual actuarial report to regulator
- Stress test on financial condition and solvency: annual actuarial report to regulator

## Current market developments / Actuarial issues

- **Solvency 2:** Many companies in Singapore have operations internationally and are impacted by Solvency 2. The Monetary Authority of Singapore is considering how to implement Solvency 2 in this region to improve regulation, while retaining the competitiveness of Singapore as a base for insurance companies.
- **Risk Based Capital:** Consultations underway to improve risk sensitivity of the current risk based capital framework (e.g. how to allow for operational risk between different companies?)
- **Asset-liability matching:** MAS working to better match assets and liabilities of insurance companies
- **Actuarial involvement:** Whether actuaries should be formally involved in boarder management of insurance companies: pricing, reinsurance, etc.

## Requirement specifics

- **Appointed actuary requirement:** Monetary Authority of Singapore approval required for appointment of actuary. Qualification and experience requirements.
- **Liability valuation:** Relatively sophisticated requirements by Monetary Authority of Singapore and Singapore Actuarial Society. Requirement for valuation of claims liabilities and premium liabilities – best estimate and 75<sup>th</sup> percentile risk margins.
- **Stress testing:** Comprehensive exercise to test impact of shocks to the balance sheet. Management must discuss how to react to such shocks.

# India

## Statutory Requirements

- Liability valuation for IGAAP reporting, Appointed Actuary to certify solvency margin along with the Statutory Auditors.
- Liability valuation for Insurance Regulatory and Development Authority (IRDA)
  - IBNR report to IRDA disclosing details of the business underwritten, claims reserving, IBNR estimation process and adequacy of previous estimates.
- Financial Condition Reporting (FCR) for IRDA:
  - Detailed report covering the current and future financial position of the company.
  - Incorporates stress tests on 3 year business plan to ascertain the future financial position of the company
- Economic Capital Assessment report for IRDA. However, Regulatory Capital Regime prevails.
- ALM report for IRDA.
- Premium Deficiency Reserve: expected claims cost certified by Appointed Actuary.

## Current market developments / Actuarial issues

- **Declined Pool:** Premium rates are administered for the third party risk of motor insurance. General insurers may encounter risks which do not meet their underwriting criteria and wish to decline. Hence, declined pool has been formed since 1<sup>st</sup> April 2012 after dismantling of erstwhile CVTP Pool .
- **Exposure draft on claims reserving regulation:** Regulation addresses claims as well as premium reserves. Previously there were guidelines available for IBNR estimation.

The exposure draft increases the scope of Appointed Actuary duties to set and monitor Standard Claims Reserves.

## Requirement specifics

- **Appointed actuary requirement:** IRDA approval required for appointment of Appointed Actuary. Qualification and experience requirements.
- **Liability valuation:** Requirements by IRDA and Institute of Actuaries of India Professional Guidelines for detailed estimation and disclosure.
- **FCR:** Covers a broad range of areas including: business performance, pricing and reserving adequacy, reinsurance and risk management, solvency position etc.