



Institute of Actuaries of India

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18th February, 2017

Ms. Pournima Gupte
Member Actuary
IRDAI
Hyderabad.

Dear Madam,

Re: Exposure Draft for IRDAI (Appointed Actuary) Regulations, 2017

Please refer to your email of 16th Feb 2017 on the above subject. The response of the Institute of Actuaries of India on the exposure draft is given in the annexure to this letter.

With Regards

Sanjeeb Kumar
President,
Institute of Actuaries of India

Name of the Stakeholder: Institute of Actuaries of India

Sl.No.	Regulation No. & Sub Regulation No.	Comments/Change suggested	Rationale/reasons for Comments/suggestion
1	3(2)(ii)	<p>Original version</p> <p>A Fellow member or an affiliate member in accordance with the Actuaries Act, 2006</p> <p><i>Revision suggested:</i></p> <p>A Fellow member in accordance with the Actuaries Act, 2006</p>	<p>As per Section 2(1)(a) of the Actuaries Act 2006, a person should be the Fellow member of the Institute of Actuaries of India to become an Actuary. Affiliate members of the Institute of Actuaries of India are not Fellow members and hence they cannot be considered as Actuary as per the Actuaries Act. Therefore, Affiliate member, who is not an Actuary, may not be considered for AA role.</p> <p>The Section 13 of the Insurance Act 1938 requires an "actuary" to carry out the actuarial investigation of life insurers. The definition of the Actuary as per the Insurance Act is same as given in the Actuaries Act 2006 which means actuary is a Fellow member of the Institute of Actuaries of India. Therefore, Affiliate members cannot do the actuarial investigations to meet the requirements of Section 13 of the Insurance Act.</p> <p>Additionally, the Affiliate members cannot obtain the Certificate of Practice from the Institute of Actuaries of India which is one of the conditions of the draft regulations to be eligible to become Appointment Actuary.</p>
2	3(2)(iii)	<p>Original version:</p>	<p>Specialisation subject should not be considered as criteria for AA role because the</p>

		<p>The Fellow member of an Affiliate member should have specialisation (as evidenced by qualification and/or working experience) in:</p> <p>Revision suggested:</p> <p>The Fellow member should have appropriate work experience to the satisfaction of the Authority: The following can be put as additional conditions in line with some of the other countries follow:</p> <p>a. The candidate meets the relevant CPD requirements;</p> <p>b. The candidate has adequate practical experience in or understanding of the Indian insurance industry and is familiar with Indian laws and regulations relevant to the conduct of insurance business;</p> <p>c. Has adequate technical experience and has had key</p>	<p>members often select specialisation subject as preference to enhance knowledge as well. Quite some time members having worked in particular area chose to take different specialisation subject to learn different aspects which are required for rendering the services of AA role more effectively.</p> <p>Following 2-3 factors are to be considered in determining the same:</p> <ol style="list-style-type: none"> 1. There are 2 stages of Specialization one at technical level and one at Application level. It is to be noted that the principles at Specialist Technical level and Specialist Application level are common. The objective of a Specialist Application is the ability of the students to apply the principles, after taking in to account the Indian life insurance environment and the principles of actuarial practice to the management of life/general/health insurance business in India is tested. 2. It is natural that those who are practicing in the areas for an extended period of time with a valid Certificate of Practice are in a position to apply the principles taking the local environment in to account. Moreover, it has to be appreciated that the situations tested in these exams do arise out of real life examples which the actuaries would have faced in reality. It also has to be appreciated that not providing a solution in an exam will only lead to a failure in exam, however, not resolving a real life situation could have real impact on the companies that they are working. Hence before allowing a person to act as an Appointed Actuary, it is important to assess whether the candidate has the ability to manage and provide suitable advice to the management/ clients as prescribed under his/her duties. 3. Specialization subjects are not mutually exclusive in terms of their applicability. Following are some of the examples, <ol style="list-style-type: none"> a. A Life Insurance AA has to manage the risks arising from Health Insurance products and / or Pension products as he/she is responsible for managing all the products written by the Company. Under current structure the Life Insurance Company gets licence to
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		<p>responsibilities in performing valuations of actuarial liabilities for a life insurance business or general insurance or health business as the case may be.</p> <p>d. Is well informed on emerging developments in insurance business and actuarial practice which are relevant to the duties of appointed actuary.</p> <p>e. Has adequate experience in engaging with members of the Board or senior management, in particular the ability to communicate and contextualize the results of technical actuarial assessments in a clear and comprehensible manner to key stakeholders who may not have actuarial background.</p> <p>The practices are different in different areas but there is</p>	<p>sell Life Insurance Products, Pension Products and Health Insurance Products.</p> <p>b. As per the regulations the AA is a member of Investment Committee, which means that there is a responsibility to suitably advice on Investment aspects of the life insurance companies. If someone is possessing a Specialization in Investments then it should be seen as an added advantage rather than disallowing them to be an AA.</p> <p>Also it has to be noted that through various stages of exam passes, the actuaries posses the knowledge of a framework that should be followed in various roles that they would be performing. We would like to draw a reference to CA1 – Actuarial Risk Management paper, where it provides framework for the roles that the actuaries do perform in there roles irrespective of the field of practice. Hence in the areas of respective practices, the features of products and local laws are different which can be verified by prior work experience and levels at which these have been performed in the past.</p> <p>There are specialisation subjects like investment which are backbone and required in smooth functioning of all the lines of businesses (Life insurance, General Insurance, Health Insurance, Pensions)</p> <p>Globally specialisation is not a requirement to become an actuary and for AA role.</p>
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		emphasis on the experience and relevant technical knowledge for carrying out the role of the appointed actuary or other reserved roles.	
3	3(2)(iii)	Original version: Provided, however, the syllabus and reading material.... to the satisfaction of the authority: Revision suggested: This is not required	As per the Actuaries Act 2006, it is the duty/ responsibility & Authority of the Institute to define the requirements including prescribing the syllabus for becoming the Fellow member. The Institute has been taking care of it and making sure that the subjects and the syllabus/ study materials are appropriate as well as requirements to issue CoP is appropriate to its standards. While framing CoP Regulations/ Rules, the Institute takes into consideration the inputs received from public/ stakeholders including IRDAI.
4	3(2)(viii)	Original version: A person against whom no disciplinary action by the Institute of Actuaries of India or any other actuarial professional body is pending Revision suggested: A person against whom no disciplinary action by the Institute of Actuaries of India	It would be harsh to remove anyone from AA position if someone files a disciplinary case and is pending. The IRDAI should wait till the decision is taken by the competent Authority.

		or any other professional body is taken.	
6	8(xiii)(d)	<p>Original version</p> <p>“To certify...account the guidance notes issued...”</p> <p>Revision suggested</p> <p>“To certify...account the guidance notes, actuarial practice standards and any other guidance issued...”</p>	Institute of Actuaries of India issues GN's, APS's and other guidance from time to time