



Institute of Actuaries of India

Statutory body established under an Act of Parliament

Unit No. F-206, 2nd Floor, F Wing, Tower II, Seawoods Grand Central,
Plot no R-1, Sector 40, Nerul Road, Navi Mumbai - 400706
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Disciplinary Proceedings

This matter is being published in accordance with the decision of the Executive Committee (now Council) in its meeting held on 4th March, 2003 applicable to all such cases and keeping in view IAI's membership requirements of the International Actuarial Association.

Reference: Complaint of Mr. N Srinivasan (M. No 144) against Mr. K Subrahmanyam (M. No 184)

Complaint No: PD/C/4/2013-14 (Prosecution Director letter dated 15 January 2014)

THE ALLEGATION

Allegation 1:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1.	He never communicated to me in writing before taking over the GMR Male International work which was my client	1. The Schedule (See Section 31) Part I : Professional misconduct in relation to members of the Institute in practice: An Actuary in practice shall be deemed to be guilty of professional misconduct, if he (4) secures through the services of a person who is not an employee of such Actuary or who is not qualified to be his partner or by means which are not open to an Actuary, any professional business or (5) <u>accepts and assignment as Actuary previously held by another Actuary without first communicating with him in writing</u> or (7) engages in any business or occupation other than the profession of actuaries unless permitted by the Council so to engage provided nothing contained herein shall disentitle an actuary from being a director of a company (8) accepts a position as an actuary



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		<p>previously held by some other Actuary in practice in such conditions as to constitute undercutting (10) discloses information acquired in the course of his professional engagement to any person other than his client so engaging him without the consent of such client or otherwise than as required by any law for the time being in force</p>
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Allegation 2:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1.	Mr. K. Subrahmanyam while doing actuarial valuation of leave encashment plan as on 31/12/2010 for the Company Radiant – RSSC Speciality Cable Private Limited has valued a negative current service cost of Rs.2,17,000 and reported the same in the actuarial report under AS 15 (revised 2005)	2) THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice, An Actuary in practice shall be guilty of professional misconduct if he: section (13) fails to disclose a material fact known to him in a valuation report or a financial statement, but disclosure of which is necessary to make the valuation report or the financial statement not misleading where he is concerned with such valuation report or the financial statement in a professional capacity (14) fails to report a material misstatement known to him to appear in a valuation report or financial statement with which he is concerned in a professional capacity; or & (15) he is grossly negligent in the conduct of his professional duties;
2.	Current service cost represent present value of Leave counts earned by all the employees during the valuation period and payable in future as encashment on separation; if there is zero leave count in a particular year, then the	3) THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice, An Actuary in practice shall be guilty of professional misconduct if he: (16) fails to obtain sufficient information to warrant the formation of an opinion in



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	net present value of leave for that period will be zero, but under no circumstance it can become negative	regard to any matter contained in any valuation report or financial statement prepared by him or on his behalf or & (17) fails to invite attention to any material departure from the generally accepted procedure or professional work applicable to the circumstances, in any valuation report or financial statement prepared by him or on his behalf.
3.	A negative service cost enables a company to understate the liabilities. Hence he has not acted independently in giving the valuation report, but was apparently dictated by the client company	4)The Schedule (See Section 31) Part I : Professional misconduct in relation to members of the Institute in practice: An Actuary in practice shall be deemed to be guilty of professional misconduct, if he section (4) secures either through the services of a person who is not an employee of such Actuary or who is not qualified to be his partner or <u>by means which are not open to an Actuary</u> , any professional business & (6) charges or offers to charge, accepts or offers to accept in respect of any professional employment fees which are based on a percentage of profit or which are <u>contingent upon the findings or results of such employment</u> except as permitted under any regulation made under this Act
4.	Preparation of the actuarial valuation report clearly suggest incompetency of Mr. K. Subrahmanyam, as an Actuary, and also lack of application of mind and gross negligence, while preparing actuarial reports	5)THE SCHEDULE (See Section 31), Part IV, Other misconduct in relation to members of the Institute generally and THE SCHEDULE (See Section 31)
5.	Hence Mr. K. Subrahmanyam has sold his signature	6)THE SCHEDULE (See Section 31), Part I : Professional misconduct in relation to members of the Institute in practice, section 4 (by means not open to an actuary) & 6 (charges contingent upon result of such employment)
6.	Because of the above report, Mr. K. Subrahmanyam has brought disrepute to the profession, as well as to the Institute as a result of his	7)THE SCHEDULE (See Section 31), Part IV, Other misconduct in relation to members of the Institute generally. A member of the Institute whether in

	<p>action while carrying out his professional work</p>	<p>practice or not, shall be deemed to be guilty of other misconduct if (A)(1) he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term not exceeding six months; (2) in the opinion of the Council, he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work</p>
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Allegation 3:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1.	Mr. K. Subrahmanyam was working as Executive Director in the IRDA since its inception till his retirement in July 2011	
2.	During his tenure as ED, he was acting as an Actuary in practice, which is clear from his valuation report for Radiant RSSC which is attached in Annexure A without disclosing to his clients this fact	8) THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice,: (13) fails to disclose a material fact known to him in a valuation report or a financial statement, but disclosures of which is necessary to make the valuation report or the financial statement not misleading where he is concerned with such valuation report or the financial statement in a professional capacity or (14) fails to report a material misstatement known to him to appear in a valuation report or financial statement with which he is concerned in a professional capacity; or & (15) is grossly negligent in the conduct of his professional duties;
3.	I have obtained information dated 19/7/2013 sought by Mr. Jambukeswaran, under RTI Act, which clearly shows Mr. K. Subrahmanyam was subject to IRDA conditions of service of officers and other employees Regulation 2000 and Executive	9)THE SCHEDULE (See Section 31), Part III, Professional misconduct in relation to members of the Institute generally: A member of the Institute whether in practice or not shall be deemed to be guilty of professional misconduct, if he(1) includes in any statement, return or form to be submitted to the Council any particulars



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	Rules for staffing IRDA 2009 and he has not taken any permission from IRDA for doing private work. Annexure B is the copy of the information dated 19/7/2013	knowing them to be false or (4) contravenes any provisions of this act or the regulations made thereunder or any guidelines issued by the council under clause (i) of sub-section (2) of section 19
4.	Pursuant to the above information, I have intimated the above dishonest information to Mr. P. Chidambaram, Union Finance Minister so that the insurance industry can be saved from dishonest and negligent professional like Mr. K. Subrahmanyam. Annexure C is the copy of my letter to Mr. P. Chidambaram	
5.	Hence he was doing private practice clandestinely without informing the Institute that he was practising without permission of IRDA suppressing a material information knowing such suppression is false	10) Part III: Professional misconduct in relation to members of the Institute generally: : A member of the Institute whether in practice or not shall be deemed to be guilty of professional misconduct, if he (1) includes in any statement, return or form to be submitted to the Council any particulars knowing them to be false
6.	Since his private practice is illegal, the fees received by him becomes illegal gratification in the eyes of law	11) Part II: Professional misconduct in relation to members of the Institute in service. A member of the Institute (other than a member in practice shall be deemed to be guilty of professional misconduct, if he being an employee of any company, firm or person, accept, agrees to accept any part of fees, profits or gains by way of commission or gratification
7.	He was taking classes on professionalism in the last held retirement benefits seminar, while doing so, bringing discredit to this illustrious profession; he always feels laws are only for others and not for himself	12) The Schedule (See Section 31) Part IV, Other misconduct in relation to members of the Institute generally, (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work

Allegation 4:



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1	<p>Mr K.Subrahmanyam has brought disrepute to the Institute by falsely victimising me (a fellow member) of professional misconduct with a view to take over my clients and business. Before giving a complaint against me on 12.08.2012 with reference to a valuation report purportedly given by DG Consultancy Services of which me and Mr Arun were Partners. Mr K.Subrahmanyam has informed Mr Arun of such proposed complaint and thereby helped Mr Arun to wash off his hands of DG Consultancy, as Mr K.Subrahmanyam wanted to target only me by hook or crook.</p>	13) THE SCHEDULE (See section 31), Part IV, Other misconduct in relation to members generally (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.
2	<p>As a result of such an information, Mr Arun planned his retirement from the firm from a date prior to the date on which he decided to retire. Thus the date of stamp paper is 4th July 2012 while the date of retirement is 23rd June 2012.</p>	14) THE SCHEDULE (See section 31), Part I, Professional Misconduct in relation to members of the Institute in Practice. Section 4 (by means not open to an actuary)
3	<p>Thereafter Mr Dorai sent an email informing me that Mr Arun has informed him that Mr K.Subrahmanyam was going to file a complaint with reference to the report of GMR Male International which was signed by Mr Arun. Mr Arun was aware of frivolous complaint which was going to be filed with a view to implicate me. To his utter dismay, even PD in the alleged misconduct complaint against me, in his report gave a clean chit to Mr Arun.</p>	
4	<p>Both I and Mr K.Subrahmanyam are based in South India and mainly catering to Companies</p>	



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	having their operations in the South India. I started the practice in 2008 and has penetrated the actuarial professional business on the basis of his skills, with a portfolio of considerable number of companies in a very short span of time.	
5	As pointed out earlier, as Mr K.Subrahmanyam was illegally doing private practice, the auditors and company executives did not prefer to go to Mr K.Subrahmanyam for actuarial reports, but prefer to come to me.	15) THE SCHEDULE (See section 31), Part IV, Other misconduct in relation to members generally and THE SCHEDULE (See section 31), Part I, Professional Misconduct in relation to members of the Institute in Practice. Section (15) he is grossly negligent in the conduct of his professional duties.
6	In fact Mr K.Subrahmanyam has in the disciplinary proceeding against me with the Disciplinary Committee, requested DC in his letter dated 8-08-2013, in page 3, para WS 10, not to proceed against Mr Arun, though 7 supplied valuation reports of DG Consultancy provided by Mr K.Subrahmanyam vide his letter dated 8th August 2013 pertains to the period when Mr Arun was a partner.	16) THE SCHEDULE (See section 31), Part IV, Other misconduct in relation to members generally (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.
7	In view of the above facts, it is clear that the complaints filed by Mr K.Subrahmanyam against me are ill motivated complaints to tarnish my image and indirectly take over my business and such act of Mr K.Subrahmanyam, brings disrepute to the Institute.	

PRIMA FACIE OPINION DATED 2ND JULY 2014



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Allegation 1

Allegation 1 refers to the earlier case of Mr. K. Subrahmanyam against Mr. N. Srinivasan (PD/C/2/2012-13), which is being heard by the Disciplinary Committee. This part of the allegation was forwarded by erstwhile Prosecution Director to Disciplinary Committee in terms of Rule 5 (4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration. **Hence, it is not being dealt with in this opinion.**

Allegation 2

In support of Allegation 2, Mr. N. Srinivasan has submitted the following as evidences:

Sr. No.	Annexure No.	Particulars
1.	A	Photocopy of Actuarial Report under AS 15 (revised 2005) for Leave Encashment Plan Valuation as on valuation date : 31/12/2010 submitted by Mr. K. Subrahmanyam to Radiant – RSCC Speciality Cable Pvt. Ltd.

Written Statement 22nd March, 2014 of Mr. K. Subrahmanyam states as under:

'You (PD) may notice the conflicting statements he was making in my complaint and even now in respect of the definition of current service cost as detailed below:

'service cost is the cost of current year leave benefits earned'

'Current service cost represents present value of leave counts earned by all the employees during the valuation period and payable in future as encashment on separation.'

As per AS 15-R, current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Rejoinder 10th May, 2014:

Nothing specific on the above point has been stated in the rejoinder.

Clarification sought 4th June 2014:

Prosecution Director sought clarification from Mr. K. Subrahmanyam as under:

It has been observed that the written statement does not seem to be countering the allegation 2, part 1 - 3 which states as under:

"1. Mr. K. Subrahmanyam while doing actuarial valuation of leave encashment plan as on 31/12/2010 or the Company Radiant – RSCC Speciality Cable Private Ltd. has valued **a**



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negative current service cost of Rs.2,17,000 and reported the same in the actuarial report under AS 15 (revised 2005).

2. Current service cost represent present value of Leave counts earned by all the employees during the valuation period and payable in future as encashment on separation, if there is zero leave count in a particular year, then the net present value of leave will be zero but **under no circumstance can it become negative.**

3. **A negative service cost enables a company to understate the liabilities.** Hence he has not acted independently in giving the valuation report, but was apparently dictated by the client company.”

Mr. K. Subrahmanyam has clarified as given below:

Part 1 of Allegation 2

‘Actually, I did counter the complainant’s allegation 2 under written statement number 4 which I believe has escaped your kind attention.

- 1) On this Mr. Srinivasan cannot bring an allegation as the report did not violate any IAI GN or APS
- 2) Allegation is not about structure of the report not being complaint with any IAI GN or APS but its content in one respect. Such issues (as pointed out by N. Srinivasan) about minute points of calculations can be raised by anyone and in any report and which opinion can be subjective and mala fide. These aspects are within the purview of the client, client’s Auditor and the Actuary and cannot be generally subject matter of complaint for professional misconduct. I request you as Prosecution Director to consider and enquire as to how N. Srinivasan gets my report of year 2010, when he gets it and as to why he is raising this as issue now and did not when he got the report. The only legitimate way that he could have got the report is that for the succeeding year the client would have approached him for actuarial report and Srinivasan would have asked for it. If this were so, N Srinivasan was expected to write to me as required under section 7 of PCS ver 3.00. I have not received such communication. If he found the report to be defective then only he should have raised this issue. The very fact that he is doing now it should be clear that the only objective of N Srinivasan is to create excuses for prolonging the Disciplinary proceedings against him already pending before the Disciplinary Committee.’

Part 2 of Allegation 2:

- 1) This is only general statement of Mr. Srinivasan defining the service cost on which I need not respond
- 2) Mr. Srinivasan does not allege that I violated any IAI GN or APS26. I reproduce what I stated in my written statement earlier:

‘service cost is the cost of current year leave benefits earned’ (see para 3 page 18 of the then Prosecution Director, Mr. Narasimhan’s prima facie opinion dated 18.5.2013 in respect of my complaint)



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'Current service cost represents present value of leave counts earned by all the employees during the valuation period and payable in future as encashment on separation.' (see the allegation no.2 of Mr. Srinivasan's present complaint)

As per AS 15-R, current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. **[Prosecution Director may notice that AS15-R never said that this represents present value of leave counts earned (if you consider this as benefit) during the valuation period and payable in future]**

Part 3 of Allegation 2:

Mr. K. Subrahmanyam states as under:

In this regard, Prosecution Director may take necessary disciplinary action against Mr. Srinivasan for misleading the disciplinary committee by giving wrong statement such as definition of current service cost in his above complaint.

"3. **A negative service cost enables a company to understate the liabilities.** Hence he (*Mr. Subrahmanyam*) has not acted independently in giving the valuation report, but was apparently dictated by the client company."

My response:

This is a statement of Mr. Srinivasan giving his own 'judgement' without mentioning in what capacity he is making statement and without any evidence as to how 'I was apparently dictated by the client company' when the client never mentioned anything to me and how I violated the IAI GN or APS. He is not the client who should be concerned. I would request you to go by the statement what I made under point 1 as regards my response is concerned.

Comments:

As per AS – 15, valuation of current service cost as negative does not seem to be possible since as per the definition given in AS – 15, it is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Despite specific clarification being sought from Mr. K. Subrahmanyam, there has been no clear response on the said matter. The Part - 3 of Allegation 2 which states 'A negative service cost enables a company to understate the liabilities', is a corollary to the Part -1 of the Allegation 2. There is no response to this Part of the Allegation either.

Allegation 3

In support of Allegation 3, Mr. N. Srinivasan has submitted the following as evidences:

Sr. No.	Annexure No.	Particulars
1.	A	Photocopy of Actuarial Report under AS 15 (revised 2005) for Leave Encashment Plan Valuation as on valuation date :



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		31/12/2010 submitted by Mr. K. Subrahmanyam to Radiant – RSCC Speciality Cable Pvt. Ltd.
2.	B	Copy of information received by Mr. Jambukeswaran under RTI Act
3.	C	Copy of letter sent by Mr. N. Srinivasan to Mr. P. Chidambaram

Written Statement dated 22nd March, 2014 states as under:

Mr. K. Subrahmanyam has stated as under:

'If I had carried out such work without explicit permission of IRDA, which is not true as I did have permission, there could be an issue between IRDA and me'

Rejoinder dated 10th May, 2014 states as under:

'If you go through the staff regulation, it is clearly mentioned that IRDA cannot take policy decisions where some individuals are kept at an advantageous position vis-à-vis the other. Moreover, it is a clear violation of staff regulation and led to the disreputation of the profession itself as he occupied the chair of 'executive director' which is a senior officer position.'

'This is very serious and he could not have occupied the chair on Pensions advisory committee when he is not allowed practice for which he was claiming with everybody that he had permission to practice'

Comments:

The evidence given by Mr. N. Srinivasan under Annexure B (RTI copy) does not directly suggest that Mr. K. Subrahmanyam did not have permission to practice. It does specify that Mr. K. Subrahmanyam was subject to the specified Regulations and Rules of IRDA.

IRDA states as under:

Q2: Whether he has taken necessary permission from IRDA to do actuarial consultancy work?

Reply: No information is available with IRDA in this regard.

Even if he has not taken permission of IRDA, it is a matter between employer and employee i.e. IRDA and Mr. Subrahmanyam and hence it does not fall within the purview of my opinion.

Allegation 4:

Parts 1-7 of Allegation 4 refers to the previous case which is being heard by the Disciplinary Committee.

Allegation 4 is refers to the earlier case of Mr. K. Subrahmanyam against Mr. N. Srinivasan (PD/C/2/2012-13), which is being heard by the Disciplinary Committee. This part of allegation was forwarded by erstwhile Prosecution Director to Disciplinary Committee in



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terms of Rule 5 (4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration. **Hence, it is not being dealt with in this opinion.**

PRIMA FACIE OPINION:

- 1. With respect to Allegation 1, this Allegation has been handed over to the Presiding Officer by the erstwhile Prosecution Director and hence it cannot be a subject matter of my opinion.**
- 2. Since the member, Mr. K. Subrahmanyam has chosen not to respond specifically to the Allegation 2 made and as per AS-15, current service cost cannot be valued as negative, Mr. K. Subrahmanyam may be held guilty of negligence as per The Schedule – Part I(15) to The Actuaries Act, 2006.**
- 3. There is no merit in the Allegation 3 and hence the member, Mr. K. Subrahmanyam may be held not guilty to Allegation 3.**
- 4. Allegation 4 has been handed over to the Presiding Officer by the erstwhile Prosecution Director and hence it cannot be a subject matter of my opinion.**

PROCEEDINGS AT THE MEETING OF DISCIPLINARY COMMITTEE

Disciplinary Committee in its meeting dated 8th August 2014 deliberated on the prima facie opinion of the Prosecution Director dated 2nd July 2014 and decided as under

- 1. Combine Allegations 1 and 4 with the currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13)**

The erstwhile Prosecution Director, Mr. RL Narasimhan vide his letter dated 15th January 2014 had written to Presiding Officer as under;

“As the first and fourth allegations refer to the case of ‘K.Subrahmanyam vs N.Srinivasan’ (PD/C/2/2012-13), which is currently being heard by the Disciplinary Committee, I am forwarding the Complaint with all the annexures to the Disciplinary Committee in terms of Rule 5 (4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration if any.”

Disciplinary Committee noted the same and decided to combine Allegation 1 and 4 with currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008

- 2. Allegation 2 –**

Members deliberated on the allegation 2 about the negative current service cost in the actuarial report under AS 15 (Revised 2005) given by Mr. K Subrahmanyam while doing

the actuarial valuation of leave encashment plan as on 31 Dec 2010 for his client "Radiant – RSSC Speciality Cable Pvt Ltd". It was noted that despite specific clarification being sought by the Prosecution Director on this aspect of current service cost being negative, there was no clear response on the matter from Mr. K Subrahmanyam. In the absence of a specific response from Mr K Subrahmanyam the Disciplinary Committee was not able to conclude the reasons for the current service cost being negative.

The members therefore agreed with the Prima Facie opinion of the Prosecution Director holding Mr. K Subrahmanyam guilty of negligence as per the schedule – Part 1(15) to the Actuaries Act 2006.

- Allegation 3** – Members deliberated on the allegation 3 that Mr. K Subrahmanyam during his tenure as Executive Director at IRDA, was acting as an Actuary in practice, without permission from IRDA to do so. It was observed that practicing as an actuary without permission of IRDA is matter between employer and employee i.e IRDA and Mr. K Subrahmanyam and as such it is not a Professional Misconduct as per the Actuaries Act 2006 and The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. The members agreed with the Prima Facie opinion of the Prosecution Director holding Mr. K Subrahmanyam not guilty of all the allegation made under Allegation 3.

The Committee therefore concluded that;

- Allegation 1 and 4** - These allegations will be combined with the currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13).
- Allegation 2** - The Disciplinary Committee agreed with the Prima Facie Opinion of the Prosecution Director and therefore proceed further under Chapter IV of The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008.
- Allegation 3** - The Disciplinary Committee agreed with the Prima Facie Opinion of the Prosecution Director and therefore proceed further under Rule 9 of The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008.

Defendant during the hearing pleaded "Non Guilty" to Allegation 2.

The Disciplinary Committee in its meeting held on 24th August 2015 after taking into consideration the written statement, rejoinder and documents relating thereto, and oral submission made by Defendant, the Prosecution Director and the respondent and decided under Allegation 2 as under

Allegations and Corresponding Clause/Part under which the alleged Acts of Commission and Omission or both would fall	Disciplinary Committee Decision
1. While doing actuarial valuation of Leave Encashment plan as on 31.12.2010 for the	The committee noted that Mr K Subrahmanyam has taken change in the



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Company Radiant-RSSC Speciality Cable Private Ltd, Mr. K. Subrahmanyam has valued a negative current service cost of Rs 2,17,000 and reported the same in the Actuarial Report under AS 15 (Revised 2005). Consequently Mr. K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clauses (13) (14) and (15) of Part I of the Schedule.

2. Current Service Cost represent present value of Leave counts earned by all the employees during the Valuation Period and payable in future as encashment on separation ; if there is zero leave count in a particular case, then the net present value of leave for that period will be zero, but under no circumstances it can become negative. Consequently, Mr. K.Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clauses (16) and (17) of Part I of the Schedule.

3. A negative service cost enables a Company to understate the liabilities. Hence Mr. K. Subrahmanyam has not acted independently in giving the valuation report, but was apparently dictated by the client Company. Consequently, Mr K.Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clauses (4) and (6) of Part I of the Schedule.

4. The preparation of the actuarial valuation report clearly suggests incompetency of Mr. K. Subrahmanyam as an Actuary and also lack of application of mind and gross negligence, while preparing the actuarial reports. Consequently, Mr K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with Part IV and Part I of the Schedule.

5. Hence Mr. K. Subrahmanyam has sold his signature. Consequently, Mr. K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31

past service cost as Nil and combined the past service cost with current service cost and shown the combined value against the head "Current Service Cost" as negative (- Rs.2,17,000) which is not as per the APS 26 issued by the Institute. However, this is more of a presentational issue and not amounting to material breach of Profession Standards.

In view of the above, Committee is of the view that Mr. K Subrahmanyam is not guilty of Professional Misconduct



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read with clauses (4) and (6) of Part I of the Schedule.

6. Because of the above report, Mr. K. Subrahmanyam has brought disrepute to the profession as well as to the Institute as a result of his action while carrying out his professional work. Consequently, Mr. K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clause A (1) & (2) of Part IV of the Schedule.

Further, in view of application submitted by the Complainant, Disciplinary Committee visited the Allegation 1 and 4 wherein it has, in its meeting held on 8th August 2014, decided to combine Allegation 1 and 4 with currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (Complaint No. PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. The Committee observed that the Complainant and Defendant under both the complaint were different and it would be appropriate if allegation 1 and 4 were determined independently of the complaint of Mr. K Subrahmanyam against Mr. N Srinivasan. In view of this, it was decided to ask Prosecution Director to further investigate the matter on Allegation 1 and 4 as per Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. It was decided to inform Complainant and Defendant accordingly.

Prosecution Director submitted her Prima facie opinion dated 28 October 2015 on Allegation 1 and 4. As this report was inconclusive in some respect, Prosecution Director was advised resubmit the report. Prosecution Director submitted Revised Prima Facie Opinion dated 20th February 2016. Disciplinary Committee discussed the matter and disagreed with the Opinion of Prosecution Director. It was noted that as this case was dependent on decision in respect of Complaint of Mr. K Subrahmanyam (M. No 184) against Mr. N Srinivasan (M. No 144) (Complaint No. PD/C/2/2012-13), hence, it was decided to keep the matter pending till decision is taken in the case of complaint of Mr. K Subrahmanyam against Mr. N Srinivasan.

In the proceeding held in Disciplinary Committee Meeting held on 2nd September 2016, it was decided as under;

On Allegation 1, the DC noted that, in Disciplinary case of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13), Mr. K Subrahmanyam has communicated vide his email dated 9th July 2012 to the Complainant, Mr. N Srinivasan before taking the assignment of M/s GMR Male. Extract of the email is as under;



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“Dear Mr. Srinivasan,

I understand you work for DG Consultancy Services.

Since you are an actuary of DG Consultancy Services, Bangalore for the valuation assignments of GMR International Airport Pvt Ltd., Maldives, I am informing you that this client has given me the valuation assignments w.e.f 30th June, 2012.

K Subrahmanayam

Consulting Actuary”

Mr. K Subrahmanyam in his written statement dated 18th March 2014 has submitted that he has communicated to Mr. N Srinivasan as required under section 7 of PCS ver 3.00 which Mr. N Srinivasan did not respond to. In his rejoinder dated 10th May 2014, Mr. N Srinivasan submitted that “he must address his communications to the actuary and owners and not to third parties or employees.” It was also noted that Mr. K Subrahmanyam has sent email to email id given in the letter head of M/s D G Consultancy Services and therefore, it felt that Mr. K Subrahmanyam adequately informed Mr. N Srinivasan before taking the assignment.

The DC after deliberations has concluded that the defendant, Mr. K Subrahmanyam is not guilty of any Professional or Other misconduct.

It was decided to forward the complaint to Council to close the complaint as per Rule 9(4) of the Actuaries (Procedure for Enquiry of Professional and other Misconduct) Rules, 2008.

On Allegation 4, Disciplinary Committee considered the written statement, rejoinder, documents relating thereto and prima facie opinion of Prosecution Director and found that there is no substance and merit in the allegation made and concluded that the defendant Mr. K Subrahmanyam is not guilty of any Professional or Other misconduct.

It was decided to forward the complaint to Council to close the complaint as per Rule 9(4) of the Actuaries (Procedure for Enquiry of Professional and other Misconduct) Rules, 2008.

CONCLUSION

Defendant, Mr. K Subrahmanyam is not guilty of Allegation 1, 2, 3 and 4.

PROCEEDING AT THE MEETING OF COUNCIL DATED 4TH FEBRUARY 2017

The Council unanimously agreed on the findings of the Disciplinary Committee and held defendant, Mr. K Subrahmanyam not guilty of Allegations 1, 2, 3 and 4.

Letter along with Order of Council dated 8th March 2017 was sent to Complainant and Defendant accordingly.

BY ORDER



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EXECUTIVE DIRECTOR