



Chief Actuary 360° Program
Growing the Next G of Chief Actuaries
Regulatory Responsibilities



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Appointed Actuary Role

- **Under the Act, an insurer must appoint an actuary (Appointed Actuary)**
- **The Life Insurance Act, Insurance Act and Prudential Standards set out the requirements for the roles and responsibilities of an Appointed Actuary**
- **The Appointed Actuary is responsible for providing impartial advice in relation to the life company's operations, financial condition, capital base, prescribed capital amount and policy liabilities**
- **This advice is designed to assist the Board and senior management in carrying out their responsibility for the sound and prudent management of an insurer**



LPS 320

- **Investigate the financial condition of the company annually - Financial Condition Report**
 - **Provide advice on valuation of policy liabilities, calculation of capital base, calculation of prescribed capital amount**
 - **Must calculate values for policy liabilities, capital base and prescribed capital amount**
 - **Assessment of payment of surrender values Assessment of cost of investment performance guarantees**
 - **Assessment of compliance with capital adequacy standards and any directions during the year**
 - **Assessment of the ICAAP**
 - **Assessment of the suitability and adequacy of the risk management framework**
- **Provide advice on certain life policies and reinsurance arrangements**



Life Insurance Act

- **Must provide advice on**
 - **62 (2) A distribution of retained profits of a statutory fund 63**
 - **63 (1) A distribution of shareholders' capital in relation to a statutory fund**
 - **80 basis of the proposed apportionment of incomings and outgoings**



GPS 320

- **Provide advice on an the valuation of an insurer's insurance liabilities – Insurance Liability Valuation Report (ILVR)**
- **Provide an impartial assessment of the overall financial condition of the insurer – Financial Condition Report (FCR). Refer Attachment B, GPS 320.**
- **Most appropriate categories for “other business” under GPS 115**
- **The portion of net premium liabilities which relates to:**
 - **Catastrophic losses**
 - **Losses within other the accumulations scenario**
 - **For LMI, an economic downturn**
- **For a run-off insurer, an impartial review of the insurer's run-off plan**



GPS 320, Attachment B - FCR

- **Business overview**
- **Summary of key results of ILVR**
- **Assessment of adequacy of past estimates of insurance liabilities**
- **Assessment of pricing, adequacy of premiums**
- **Assessment of recent experience and profitability**
- **Assessment of asset and liability management**
- **Assessment of current and future capital, ICAAP**
- **Assessment of adequacy of ICRC**
- **Assessment of suitability and adequacy of reinsurance arrangements**
- **Assessment of suitability and adequacy of risk management framework**



Obligation to inform APRA

- **S98 of Life Insurance Act**
- **S49 of Insurance Act**
- **If the appointed actuary of a life company thinks:**
 - **that there are reasonable grounds for believing that the company or a director of the company may have contravened this Act or any other law; and**
 - **that the contravention is of such a nature that it may affect significantly the interests of the owners of policies issued by the company;**
- **the appointed actuary must immediately inform APRA in writing**



Expectations of an Appointed Actuary

- **Engaged**
- **Character**
- **Opinions – “advice”, “assessment”**
- **Integrity**





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