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INSURANCE ACT
(CHAPTER 142)

INSURANCE
(ACTUARIES)
REGULATIONS 2013

ARRANGEMENT OF REGULATIONS

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In exercise of the powers conferred by section 64 of the Insurance Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Insurance (Actuaries) Regulations 2013 and shall come into operation on 18th April 2013.

Definitions

2. In these Regulations, unless the context otherwise requires —
- “composite insurer” means a direct insurer or reinsurer licensed to carry on both life business and general business;
 - “direct life insurer” means a direct insurer licensed to carry on life business;
 - “direction” means a direction issued by the Authority under section 64(2) of the Act.

Application of Regulations to actuaries of composite insurers

3.—(1) A duty or right of the appointed actuary or certifying actuary of a licensed insurer under any provision of these Regulations except regulation 12 shall be —

- (a) if the insurer is a composite insurer which is a direct insurer —
 - (i) the duty or right of its appointed actuary if the duty or right relates to the insurer’s life business; or
 - (ii) the duty or right of its certifying actuary if the duty or right relates to the insurer’s general business; or
- (b) if the insurer is a composite insurer which is a reinsurer, the duty of its certifying actuary.

(2) A duty of the appointed actuary or certifying actuary of a licensed insurer under regulation 12 shall be —

- (a) if the insurer is a composite insurer which is a direct insurer, a duty of both its appointed actuary and certifying actuary; or
- (b) if the insurer is a composite insurer which is a reinsurer, a duty of its certifying actuary.

Persons who may be actuaries

4.—(1) For the purposes of the Act other than sections 49FC(2) and 49FO(9) of the Act, and these Regulations —

- (a) an appointed actuary shall be a Fellow of the Singapore Actuarial Society;

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- (b) a certifying actuary shall be a Fellow of any association recognised by the International Actuarial Association; and
 - (c) an actuary shall be an appointed actuary or a certifying actuary, whichever is applicable.

(2) For the purposes of sections 49FC(2) and 49FO(9) of the Act, an actuary shall be a Fellow of the Singapore Actuarial Society.

Appointment of actuaries

5.—(1) For the purposes of obtaining the approval of the Authority for the appointment of an appointed actuary or a certifying actuary under section 31(4)(b) of the Act, a licensed insurer shall —

- (a) submit to the Authority the particulars of the person proposed to be appointed in such form as the Authority may specify in a direction to the insurer; and
- (b) satisfy the Authority that the person is a fit and proper person to be so appointed and has the actuarial qualifications and experience to perform the duties and functions of an appointed actuary or a certifying actuary, as the case may be, under the Act and these Regulations.

(2) Where a person holds the office of appointed actuary or certifying actuary, as the case may be, of a licensed insurer at the time it appointed another person as its appointed actuary or certifying actuary, the appointment of the other person shall not take effect until the appointment of the first-mentioned person is terminated by the insurer.

(3) For the purposes of section 31(11) of the Act, when determining whether to approve the appointment of a certifying actuary, the Authority shall consider whether he is a member of the Singapore Actuarial Society.

(4) A licensed insurer shall, within 3 months after the date on which a person ceases to be its appointed actuary or certifying actuary, as the case may be, or within such longer period as the Authority may allow in any particular case, appoint another person to be its appointed actuary or certifying actuary, as the case may be.

(5) For the purposes of paragraph (4), the date on which a person ceases to be the appointed actuary or certifying actuary of a licensed insurer is —

- (a) where the person ceases to be an appointed actuary within the meaning of regulation 4(1)(a) or a certifying actuary within the meaning of regulation 4(1)(b), as the case may be, the date of such cessation;
- (b) where the person dies, the date of his death;
- (c) where the person resigns as the appointed actuary or certifying actuary of the insurer, the date the resignation takes effect; or
- (d) where the appointment of the person as the appointed actuary or certifying actuary of the insurer is terminated by the insurer, whether on the insurer's own initiative or pursuant to a direction by the Authority under section 31(10) of the Act, the date the termination takes effect.

(6) Where a person resigns from his position as the appointed actuary or certifying actuary of a licensed insurer, the insurer shall furnish to the Authority a written notice as soon as possible stating the circumstances of and reasons for the resignation of the actuary.

(7) Where a licensed insurer terminates the appointment of a person as its appointed actuary or certifying actuary on the insurer's own initiative, the insurer shall notify the Authority in writing as soon as possible of the termination and furnish the Authority with the reasons for the termination.

Premium

6. In deciding under section 24 of the Act whether or not to approve a premium or rate of premium for a life policy or long-term accident and health policy, the appointed actuary of a direct life insurer shall take into account —

- (a) the impact of the premium or rate of premium on the prospective financial condition of the insurer;
- (b) the product design;

- (c) the underwriting policies of the insurer; and
- (d) any other matter that the Authority considers relevant in a direction to the insurer.

Allocation of insurance fund

7.—(1) To enable a direct life insurer to carry out its duties under section 17(6) of the Act in relation to an insurance fund established and maintained by it under section 17(2) of the Act that comprises wholly or partly of participating policies, its appointed actuary shall give to its board of directors a written recommendation on the allocation of any part of the fund —

- (a) to the surplus account established and maintained under section 17(6) of the Act; and
- (b) by way of bonus to the participating policies.

(2) The appointed actuary shall, in giving the written recommendation under paragraph (1), take into account —

- (a) the requirements under section 17(6) of the Act;
- (b) fairness and equity between different policies comprised in the fund; and
- (c) the impact of the allocation of any part of the fund on the prospective financial condition of the fund.

Policy owners' protection scheme

8.—(1) The appointed actuary or certifying actuary, as the case may be, of a licensed insurer shall compute and report to the insurer the protected liabilities of the insurer to enable the insurer to comply with a notice by the Authority under section 84(1) of the Deposit Insurance and Policy Owners' Protection Schemes Act (Cap. 77B) relating to the insurer's protected liabilities.

(2) In this regulation, "protected liabilities" has the same meaning as in the Deposit Insurance and Policy Owners' Protection Schemes Act.

Provision of actuarial advice

9.—(1) The appointed actuary or certifying actuary, as the case may be, of a licensed insurer shall assist the insurer in —

- (a) formulating a suitable policy on how the assets of any of its insurance funds are to be invested;
- (b) any risk management activity for its business, such as risk identification, risk quantification, risk management policies, controls relevant to the insurer's financial condition, and the use of any internal model for the purposes of calculating liabilities and capital requirements for the insurer's insurance products;
- (c) matters of product pricing and development, such as identifying appropriate rating factors for product pricing, the design of product features and the setting of underwriting standards; and
- (d) any other matter relating to its business as the Authority may specify in a direction to the insurer.

(2) In formulating any policy referred to in paragraph (1)(a), the appointed actuary or certifying actuary shall have regard to the nature and terms of the liabilities of the insurer and the availability of appropriate assets for the purpose of asset-liability matching .

(3) In carrying out his duties referred to in paragraph (1), the appointed actuary or certifying actuary shall at all times have regard to the interests and rights of policy owners of the insurer.

Report to chief executive and board of directors

10.—(1) The appointed actuary or certifying actuary, as the case may be, of a licensed insurer shall prepare a written report to the chief executive of the insurer on any matter which —

- (a) has come to the attention of the actuary in the course of carrying out his duties;
- (b) in the opinion of the actuary, has any material adverse effect on the financial condition of the insurer in respect of its life or general business or both, as the case may be; and

(c) requires rectification by the insurer.

(2) If the appointed actuary of a licensed insurer —

(a) is at any time not satisfied with the appropriateness of the rates of premium charged by the insurer for its life policies or its long-term accident and health policies, or at any time holds the view that the rates are likely to adversely impact the prospective financial condition of the insurer; and

(b) is of the view that this should be rectified by the insurer,

the appointed actuary shall prepare a written report of this to the chief executive of the insurer.

(3) The appointed actuary or certifying actuary, as the case may be, of the licensed insurer shall as soon as possible send a copy of the report under paragraph (1) or (2) to the board of directors of the insurer.

(4) Where the appointed actuary or certifying actuary, as the case may be, of the licensed insurer is of the opinion that the insurer has failed to take appropriate steps to rectify any matter reported by him under paragraph (1) or (2) within a reasonable time, the appointed actuary or certifying actuary, as the case may be, shall immediately send a copy of his report to the Authority and notify the board of directors of the insurer that he has done so.

Financial condition investigation

11.—(1) For the purposes of section 37 of the Act, an investigation by the appointed actuary or certifying actuary, as the case may be, of a licensed insurer into the financial condition of each class of business that it carries on for an accounting period of the insurer shall consist of —

(a) valuing the liabilities of the insurer with respect to its policies for that class of business;

(b) where the insurer is a direct insurer, assessing its financial soundness by conducting, at the end of the accounting period, such prospective test of the financial condition of each insurance fund established and maintained by it under the Act for that class of business, under such economic and business

conditions as the Authority may specify in a direction to the insurer; and

(c) such other investigation of such of its liabilities as the Authority may specify in a direction to the insurer.

(2) For the purposes of paragraph (1)(a), the actuary shall verify, for each inward and outward reinsurance arrangement that the insurer has entered into, whether the arrangement involves significant insurance risk transfer between the insurer and the counterparty of the arrangement.

(3) The actuary shall submit to the board of directors of the insurer all reports on and all relevant documents relating to the investigation and shall, when required by the board of directors, explain any report or document to the board.

Notification of actuarial engagements

12.—(1) The appointed actuary or certifying actuary, as the case may be, of a licensed insurer shall, at the end of each accounting period of the insurer, notify the insurer of every engagement he has accepted (whether for consideration or otherwise) to carry out any duty or function that is equivalent to any duty or function of an appointed actuary or a certifying actuary described in the Act or these Regulations for any other insurer carrying on insurance business in Singapore or elsewhere, being an engagement which remains outstanding as at the end of that accounting period.

(2) The licensed insurer shall furnish to the Authority the information it received under paragraph (1) in such form and within such period as the Authority may specify by written directions to the insurer.

Rights of actuaries

13.—(1) A licensed insurer shall ensure that its appointed actuary or certifying actuary, as the case may be —

(a) meets its board of directors at such frequency as the actuary may reasonably require; and

(b) has free and unfettered access to the board of directors at all reasonable times.

(2) The appointed actuary or certifying actuary, as the case may be, of a licensed insurer is entitled to report on any matter relating to the insurer, to any member of any of its board committees, or any member of its board of directors, without having to report that matter to any other executive officer of the insurer.

(3) In this regulation, “board committee” has the same meaning as in the Insurance (Corporate Governance) Regulations 2005 (G.N. No. S 197/2013).

Revocation

14.—(1) The Insurance (Actuaries) Regulations 2004 (G.N. No. S 495/2004) (referred to in this regulation as the revoked Regulations) are revoked.

(2) Notwithstanding paragraph (1) —

(a) regulation 4(3) of the revoked Regulations in force immediately before 18th April 2013 shall continue to apply to any licensed insurer who was a direct life insurer within the meaning of the revoked Regulations, immediately before that date and whose appointed actuary has ceased to be such at any time before that date; and

(b) regulation 11 of the revoked Regulations in force immediately before 18th April 2013 shall continue to apply to an investigation in relation to an accounting period of a licensed insurer, being a period that commences before 18th April 2013.

(3) Regulation 10(4) shall apply in relation to a report made under regulation 8 of the revoked Regulations as it applies to a report made under regulation 10(1) or (2).

Made this 15th day of April 2013.

RAVI MENON
Managing Director,
Monetary Authority of Singapore.

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