

# Actuaries in the new environment

SAS Forum, 2004

# Proposed Insurance (Actuaries) Regulations 2004

## Proposed Insurance (Actuaries) Regulations:

### Persons who may be actuaries:

3.(1) Any person who is a Fellow of the **Singapore Actuarial Society** shall be an actuary for the purposes of the Act in respect of life and general business

### Financial condition investigation:

6. An AA shall investigate into the financial condition of the life business of a direct insurer by-

- (a) valuing liabilities of the insurers wrt policies of life business
- (b) determining whether allocation of par fund has taken into account ....
- (c) assessing financial soundness of the insurer by conducting a prospective test under various economic and business conditions

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## Premium rates:

7.(1) *In determining premium rates for a life policy or a long term accident and health policy, ...*

*(2) AA shall, at all times, be satisfied as to the appropriateness of the premium rates..*

## Allocation of par fund:

8. *AA shall, in his written recommendation on allocation of par fund.., take into account:*

*(a) statutory requirements under section 17(6) of the Act;*

*(b) fairness and equity among different policies;*

*(c) the impact on prospective financial condition of the fund*

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## Investment policy;

*9. AA shall assist insurer in formulating a suitable policy on how assets of insurance fund are to be invested, ....*

## Report to BoD, PO and MAS;

# Challenges for actuaries

No major changes in specific functions. But overall more onerous requirements:

## *New policy liability valuation*

Move from prescribed net premium valuation to best estimate liabilities plus PAD

– need for professional actuarial judgment.

## *New risk-based capital framework*

Explicit capital charges on asset, liability and mismatching risks

– actuarial input in quantifying and helping to manage the risk,

- impact on actuarial functions,

- pricing of insurance products, and
- long-term financial soundness management of insurance funds

# Enhanced role of SAS

*Education*

*Standard/guidance setting*

*Disciplinary*