



Sample letter from Head of Actuarial Function to Board

In the “[Domestic Actuarial Regime and Related Governance Requirements under Solvency II \(2015\)](#)” (“Requirements”), the Central Bank prescribed that (re)insurance undertakings shall appoint a Head of Actuarial Function (HoAF) who shall be responsible for the tasks called out for the actuarial function under Solvency II and additional responsibilities introduced by the Requirements. The HoAF is answerable to the Board of the undertaking.

The sample letter overleaf has been prepared to help members taking up the role of HoAF to communicate with the Board regarding the lines of communication and access to information that the member will need in order to perform the role. Providing such a letter to the Board should help to convey the breadth and depth of responsibility attaching to the role and set expectations as to how the member will carry out the role.

This sample letter is intended as a support, as opposed to a requirement, for members taking up the role of HoAF. The text overleaf is a guide and should be edited as required to suit the situation. In particular, the text is written from the perspective of an external HoAF and could be reworded for an in-house HoAF.

Dear [Name],

The purpose of this letter is to notify [Company Name] of requirements relating to my role as Head of Actuarial Function (HoAF).

The responsibilities of the HoAF are set out in the Central Bank of Ireland's "Domestic Actuarial Regime and Related Governance Requirements under Solvency II (2015)". They include the tasks called out for the actuarial function under Solvency II – these tasks include (but are not limited to):

- coordinating the calculation of technical provisions;
- ensuring the appropriateness of methodologies, models and assumptions used in the calculation of technical provisions;
- assessing the sufficiency and quality of data used in the calculation of technical provisions;
- expressing opinions on underwriting policy and the adequacy of reinsurance arrangements; and
- contributing to the effective implementation of the company's risk management system.

In addition, under the Central Bank Requirements, I am responsible for preparing an actuarial opinion and actuarial report on the technical provisions each year, as well as an actuarial opinion on each own risk and solvency assessment (ORSA) process. The Requirements also specify that undertakings other than those designated by the Central Bank as Low Impact must engage a reviewing actuary to conduct a peer review of the technical provisions and my related actuarial opinion and actuarial report periodically.

In order to assist me in meeting these responsibilities, I would be obliged if you could note the following (and respond as indicated) in relation to the appointment:

- 1 Please confirm that there will be facilities, if required, for direct communication with the Board on major matters which might arise from my duties as HoAF, particularly in relation to the valuation of technical provisions, underwriting policy and reinsurance arrangements, and the ORSA.
- 2 While I do not need to attend every Board meeting, periodic attendance would be appropriate. It would also be useful for me to attend the Audit, Risk and Investment Committee meetings. In any case, I will need to be given the opportunity to present in person my Annual Report on Technical Provisions and my Opinion on the ORSA. It is worth bringing to the attention of the Board that these are two areas where the Central Bank of Ireland has imposed extra requirements on the HoAF, beyond those outlined in Solvency II.
- 3 In order to support my work on Technical Provisions and the annual opinions on Underwriting Policy and Reinsurance Arrangements, please ensure that I receive relevant management information on a regular basis, as outlined in the appendix to this letter.
- 4 In order to support my annual opinions on ORSA risks and scenarios, it would be appropriate that I be involved in the ORSA process each year, from the planning stage onwards.

- 5 [For Life assurance companies, where relevant this letter should also draw attention to the responsibilities of the HoAF in relation to the disclosure of information to policyholders, interpretation of policyholders' reasonable expectations, opinion in relation to discretionary powers to review charges and other product features, and recommendation on allocation of profits related to specified policyholder rights.]
- 6 Please confirm that I will see copies of all relevant correspondence with the Central Bank of Ireland.

I would be obliged if you could bring this letter to the attention of the Company Secretary.

Thank you.

Yours sincerely,

Head of Actuarial Function

Appendix

[Sample of management information that the HoAF could request - this will vary from company to company]

Reporting

- Monthly Management Accounts
- Financial Statements, including draft Financial Statements
- Full QRTs on a quarterly and annual basis, as provided to the Central Bank of Ireland

Data

- Policy and claims reports
- Experience analysis
- Details of investments held by the Company
- Business plans and budgets

Risk Management

- Risk Registers
- Details of calculation of the SCR
- ORSA planning and communications
- ORSA and draft versions of the ORSA, including detailed calculations

Policies

- Underwriting Policy
- Reserving Policy
- Reinsurance Strategy and/or Reinsurance Policy

Other

- Internal Audit Reports
- External Audit Reports and management letters