

THE SOCIETY OF ACTUARIES IN IRELAND

Duties of the Appointed Actuary

The purpose of this note is to set in context the revised Actuarial Standards of Practice recently issued by the Society of Actuaries in Ireland relating to the duties of the Appointed Actuary. Appointed Actuaries are encouraged to bring this note to the attention of their Boards.

The revised Actuarial Standards of Practice relating to the duties of the Appointed Actuary were constructed on the following basis:

- In line with the position set out by the Financial Regulator, the Board is responsible for the proper running of the company, including all matters pertaining to the fair treatment of the company's policyholders.
- The role of the Appointed Actuary is to carry out duties set out in legislation or in other regulatory requirements, including, in particular, the following:
 - to make, from time to time, an investigation into the financial condition of the company's life assurance business, including a valuation of the company's life assurance liabilities, and determine any excess over those liabilities of the assets representing the life assurance fund or funds maintained by the company;
 - to state, on specified occasions, if such be the case, that the company's premiums for new business are sufficient, on reasonable actuarial assumptions, to enable it to meet all its commitments and, in particular, to establish adequate technical reserves;
 - to prepare, on specified occasions, an Actuarial Financial Condition Report for submission to the Board and to the Financial Regulator; and
 - to certify annually, if such be the case, that the company has complied with the Actuarial Standards of Practice LA-8 and LA-9, relating to disclosure of information to policyholders resident in the Republic of Ireland.
- In addition to the statutory duty to make, from time to time, an investigation into the financial condition of the company's life assurance business, the Society of Actuaries in Ireland requires the Appointed Actuary to take all reasonable steps to ensure that he or she is, at all times, satisfied that the life assurance fund is sufficient to enable the company to meet all its commitments and, in particular, to establish adequate technical reserves.

The Actuarial Standards of Practice LA-1 and LA-4 address matters relating to policyholders' reasonable expectations. In valuing the company's life assurance liabilities, the Appointed Actuary must take into account, and therefore has a continuing responsibility to advise the Board of, his or her interpretation of the company's policyholders' reasonable expectations.

It is, however, the Board that is responsible for meeting policyholders' reasonable expectations, and consequently the revised Actuarial Standards of Practice consider policyholders' reasonable expectations only in the context of the Appointed Actuary's responsibility to establish adequate technical reserves.

January 2007