

Insurance Regulatory and Development Authority of India

22 March 2016

TO CEOs of ALL INSURANCE/ REINSURANCE COMPANIES

**Re: Guidelines on Appointment of Appointed Actuaries and their Mentors**

In terms of the powers conferred under section 14 (2) (e) of the IRDA Act 1999 as amended from time to time, the Insurance Regulatory and Development Authority of India (IRDAI) issues these guidelines on the Appointment of Appointed Actuaries and their Mentors.

These guidelines also deal with the process to be followed in the absence of Appointed Actuaries.

Appointed Actuaries are entrusted with the responsibility of maintaining solvency position of the Company. There are other jobs such as new product approval etc. which need inputs and certification from Appointed Actuaries.

The following process will be followed in the absence of Appointed Actuaries

**1. No new product approval**

If there is no Appointed Actuary, new products will not be approved.

**2. No new business**

If there is no Appointed Actuary for a considerable time, say more than one year, the Companies will not be allowed to transact new business.

**3. Ascertain Financial position through “Panel of Actuaries”**

When there is no Appointed Actuary, at the end of every financial year as at 31 March, an estimation of financial position of the Company may be made through one of the Actuaries from the Panel of Actuaries. The norms for empanelment of Actuaries for this purpose are issued separately.

#### **4. Appointment of Mentor to support Appointed Actuary**

To increase the supply of Appointed Actuaries for the insurance industry, the Authority has been encouraging young actuaries to take up position of Appointed Actuary (AA). The Authority is currently approving the appointment of Actuaries who are Fellow members of the IAI (but do not qualify with the relevant experience and / or other requirements), subject to appointment of experienced Actuary as Mentor. The Mentor should guide these Appointed Actuaries on day-to-day basis. However, currently it appears that the mentoring may not be happening as envisaged. For bringing the uniform practise while appointing the Mentor as well as to ensure that the Companies and the Appointed Actuaries get full benefit of knowledge and expertise of the Mentor, norms as specified in Annexure I for the appointment and responsibilities of the Mentor will be followed.

#### **5. Strengthen Actuarial Departments**

The Companies are advised to strengthen the Actuarial function by employing enough Actuarial students. This will help the AA in getting detailed analysis required for performing various statutory duties. In the process, the students will also get practical experience necessary for taking up more responsible positions within the Industry in future.

The above guidelines are effective immediately. The existing arrangements of Appointed Actuaries and Mentors not complying with these guidelines may continue till 30 June 2016. From 1 July 2016, all the appointments of Appointed Actuaries and their Mentors will be in compliance with these guidelines.

**Pournima Gupte**  
**Member (Actuary)**

## **Annexure I : Appointment of Mentor for Appointed Actuary**

### **1. Purpose for Appointment of Mentor**

- 1.1. To support younger Appointed Actuary who is a Fellow of the Institute of Actuaries of India but does not comply with relevant experience/ other requirements of the Appointed Actuary Regulations
- 1.2. Mentor will be applicable only when AA is full time employee of the Company
- 1.3. If the Company proposes to appoint AA on Consultancy basis, the Appointed Actuary himself / herself should be able to qualify all the criteria under Appointed Actuary Regulations

### **2. Responsibility**

- 2.1. The mentor will be jointly responsible for all the actuarial issues along with the Appointed Actuary. The duties and responsibilities of Appointed Actuary Regulations, ALSM Regulations and other Regulations will also be applicable to the mentor. This will include but not limited to
  - 2.1.1. New product filing
  - 2.1.2. Actuarial reports at the end of year
  - 2.1.3. Maintaining solvency and sufficiency of reserves as stipulated in the various Regulations from time to time

### **3. Eligibility Criteria**

The mentor should satisfy all the eligibility criteria mentioned in the AA Regulations except the following

#### **3.1. Qualification**

3.1.1. Preferably, the Mentor should be a Fellow of Institute of Actuaries of India (IAI)

3.1.2. However, Fellow from any other Institutes wherein the IAI have mutual recognition agreement will also be considered provided the Actuary declares his/ her intention to obtain Fellowship of IAI within next one year.

Currently, IAI have mutual recognition agreement from three Institutes

- Faculty and Institute of Actuaries, UK
- Institute of Actuaries of Australia
- Casualty Actuarial society, USA

#### **3.2. Certificate of Practice (COP)**

3.2.1. Preferably, the Actuary should have COP as applicable to AA in relevant line of Business issued by the IAI. i.e. Actuaries desiring to work in Life Insurance area may have COP in Life. Actuaries desiring to work in General Insurance or Health Insurance should have COP in General Insurance. If the Actuary does not have COP in relevant line of Business issued by the IAI, he / she should have COP in other line of Business issued by the IAI.

3.2.2. If the Actuary does not possess COP of the IAI, he /she should hold COP from other Institutes recognised by the IAI and he/ she should declare his/ her intention to possess COP of IAI within one year from the appointment as Mentor.

### **3.3. Age**

The upper age limit for the Mentor will be 75 years.

### **3.4. Practical experience**

3.4.1. The mentor should have at least 20 years of experience in the Insurance field out of which at least 10 years of experience should be post-qualification.

### **3.5. Others**

3.5.1. There should not be any conflict of interest with respect to the duties of Mentor and duties of any other position held by him / her. For example, an Actuary working as CEO or marketing head cannot act as mentor for AA.

3.5.2. The appointment of mentor will be pre-approved by the IRDAI.

3.5.3. The terms and conditions of Appointment letter of Mentor will be pre-approved by the IRDAI. It will be similar to the appointment letter prescribed by the IRDAI for appointment as AA subject to modifications mentioned above.

3.5.4. The minimum tenure for Mentor will be 1 year.

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