

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E
SOLVENCY REQUIREMENT) AMENDMENT RULES 2024**

SCHEDULE XV (Paragraph 6)

APPROVED ACTUARY'S OPINION

- 1 The approved actuary's Opinion must state whether or not, in the opinion of the approved actuary, the aggregate amount of technical provisions shown at Line 27C in the Statutory Economic Balance Sheet as at the end of the relevant financial year—
 - (a) meets the requirements of the Insurance Act 1978 and related rules and regulations;
 - (b) makes reasonable provision for the total technical provisions of the insurer under the terms of its insurance contracts and agreements.
- 2 The approved actuary shall state their own best estimates (and/or ranges for the best estimates) and confirm that such estimates have been determined in accordance with the requirements set out in the Economic Balance Sheet valuation principles under Schedule XXVI. The approved actuary shall also state (but is not limited to) their best estimates for the following (as applicable)—
 - (a) Line 27(a)
 - (b) Line 27(d)
 - (c) Line 27B(a)
 - (d) Line 27B(d)
- 3 The approved actuary is required to state their estimates for the risk margin (Line 27A) and state whether or not, in their opinion, this amount has been calculated in accordance with the requirements set out in the Economic Balance Sheet valuation principles under Schedule XXVI.
- 4 In relation to Lines 27(a) and 27B(a), the approved actuary shall provide commentary on the assumptions made in relation to Bound But Not Incepted business as described in paragraph 33 (8) to (10), inclusive, set out in the Economic Balance Sheet valuation principles under Schedule XXVI.
- 5 The approved actuary shall provide commentary for Lines 27(d) and 27B(d) on the assumptions made for expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute) in relation to reinsurance recoveries.
- 6 In relation to Lines 27B (a) and 27B(d), the approved actuary shall provide commentary on the nature of the business valued 'as a whole' and whether or not their approach is in accordance with the requirements set out in the Economic Balance Sheet valuation principles under Schedule XXVI.
- 7 Where the approved actuary has not used "risk discount curves" provided by the Authority they shall state the rates used for calculation and provide commentary on how they were derived.
- 8 Where the Insurer has made use of the 16 year transitional arrangements for certain insurance business, the approved actuary shall provide estimates for that business for both the EBS approach and the approach consistent with the valuation approach in force before EBS requirements came into force as referred to in the Instructions Affecting Schedule XXVI, the Economic Balance Sheet valuation principles.
- 9 The approved actuary shall provide commentary on any aspects of the technical provisions of the insurer which give rise to greater levels of uncertainty than would typically be associated with the insurer's business.
- 10 The approved actuary's Opinion shall further confirm—

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- (a) the approved actuary's name, employer and professional designations attained (which qualifies them to issue the opinion and formed the basis for their application to the Authority for approval as Approved Actuary);
 - (b) whether or not the approved actuary continues to be a qualified member in good standing of all official actuarial bodies included in their application to the Authority for approval;
 - (c) whether or not the approved actuary is in full compliance with the most recent Continuing Professional Development requirements of their official actuarial body;
 - (d) whether or not the approved actuary has any perceived conflicts of interest relative to providing the opinion; and
 - (e) whether or not the work supporting the Opinion complies with applicable standards of actuarial practice.
- 11 Working papers supporting the approved actuary's Opinion are required to be made available to the Authority by the approved actuary upon request and should be sufficient in and of themselves to enable the completion of an independent review of the Opinion and supporting analysis by another unrelated but experienced actuary.
- 12 The opinion shall be signed and dated by the approved actuary and must include their current contact information, including but not limited to, telephone number and email address.