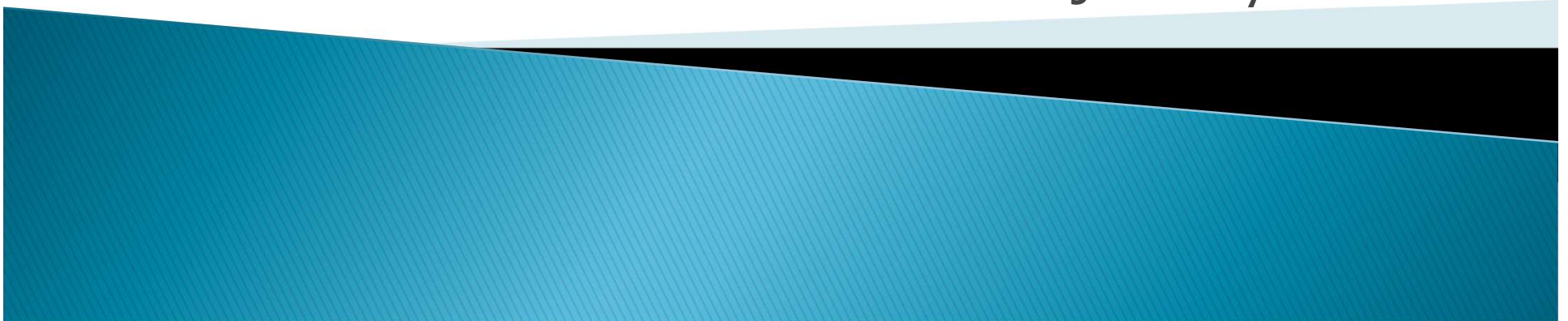


Requirements for Dec.31, 2019 Valuation of Actuarial Reserves and other Policy Liabilities of Life Insurers

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Chief Actuary
15 January 2020



Agenda

- ▶ Highlight some areas in order presented in Bulletin
- ▶ Does not replace thorough review of the requirements of Act, regulations, bulletin, standards and guidance



Professional Code of Conduct and Standards of Practice

- ▶ Requirements of Insurance Act, 2001 and its regulations
- ▶ Requirements of the Bulletin
- ▶ Code of Conduct of Appointed Actuary's governing body
- ▶ Standards and Guidance issued by the CAA
- ▶ Generally Accepted Actuarial Practice

- ▶ Deviation disclosed in report and justified



Actuarial Reserves and Other Policyholder Liabilities

		30.020		
Company				<u>2019</u>
2020/1/14 09:46				Year
NON-CONSOLIDATED FINANCIAL STATEMENTS				
TOTAL LIABILITIES, EQUITY AND RESERVES				
(JA\$000)				
			Current Year	Prior Year
			(01)	(02)
Reference	Liabilities			
	Net Actuarial Liabilities			
50.070	Life Assurance Fund and Annuity Contracts	002		
50.070	Sickness and Health.....	003		
	Policyholder Funds on Deposit.....	010		
	Provisions for Policyholder Dividends and Experience			
	Rating Refunds.....	011		
	Outstanding Claims and Adjustment Expenses.....	012		
	Deposit Administration Funds.....	013		
60.011	Other Insurance Policy & Contract Liabilities.....	014		
60.011	Accounts Payable.....	031		
	Mortgage Loans and Other			
	Real Estate Encumbrances.....	033		
60.011	Other Liabilities.....	039		
	Net Deferred Gains (Losses) on Disposal of			
	Portfolio Investments.....	040		
		041		
20.094	Subordinated Debt.....	051		
20.095	Other Debt.....	052		
	Taxes Payable.....	053		
	Total Liabilities.....	059		

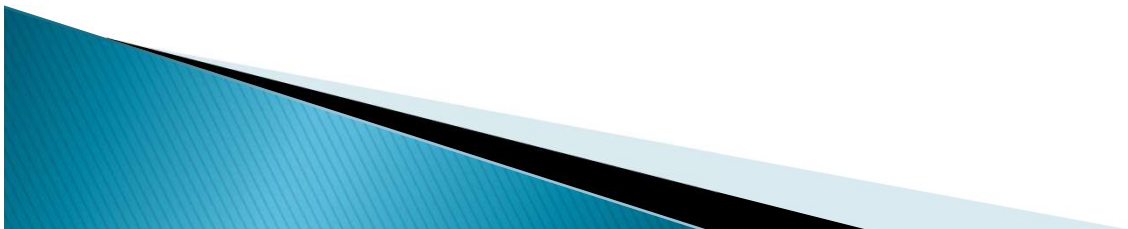
Report Layout

- ▶ Insurance (Actuaries)(Life Insurance Companies) Regulations, 2001 sets out minimum contents in report – Exhibits and Body
- ▶ Overview with company structure, lines of business, key material events encouraged
- ▶ Attestations must include name, signature and date
- ▶ May use Appendices for example studies, product details



Summary Reporting

- ▶ Company In-force & Liabilities for Insurance and Investment Contracts
- ▶ Other Policy Liabilities by Line of Business
- ▶ Provision for Adverse Deviation by Type by Line of Business
- ▶ Movement in Total Actuarial Reserves and Policy Liabilities
- ▶ Sensitivity Analysis by Line of Business



Model

- ▶ Consistent with insurer's policies and practices and approach to treatment of policyholders
- ▶ Name, provider and version of model disclosed
- ▶ Changes and effects quantified



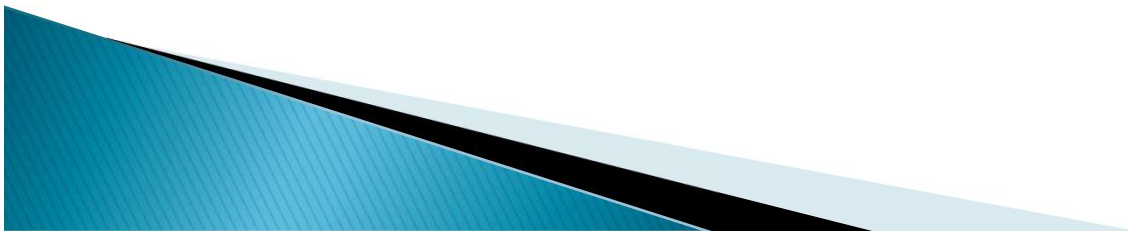
Data

- ▶ Disclose the tests performed to verify sufficiency, reliability and accuracy (e.g. reconcile data used in valuation with Returns)
- ▶ Extent AA used the work of another party



Method

- ▶ Policy Premium Method



Expected Assumptions and MfADs

- ▶ Comply with Regulations
- ▶ Consider guidance by Canadian Institute of Actuaries in Standards – sub-section 2350
- ▶ Document assumption as well as rationale, justification and validation (e.g. experience studies, A/E, credibility)
- ▶ Material Assumptions reviewed at least annually.
- ▶ Ensure each MfAD increases the value of liability.
- ▶ Justify MfADs used



Validation of Liabilities

- ▶ Examples
 - Ratio of face amounts to actuarial liabilities
 - Trend analysis
 - Reserve build
 - Ratios to Fund Values
 - Sources of Earnings



MCCSR

- ▶ Calculation
 - All pages not only Summary
- ▶ Reconcile prior year projected MCCSR in DCAT base scenario with Current MCCSR and disclose material deviations



Questions

