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July 6, 2015

Ms Corine Bolton
Deputy Manager, Insurance Division
Financial Services Commission
Caribbean Place Plaza
Leeward Highway
Providenciales
Turks & Caicos Islands, BWI

Dear Ms. Bolton:

Turks and Caicos Islands Financial Services Commission - Draft Actuarial Requirements Guidelines for Domestic Insurers

The Caribbean Actuarial Association (CAA) has been asked to comment on the draft document published by the Turks and Caicos Islands Financial Services Commission (FSC) entitled '*Draft Actuarial Requirements Guidelines for Domestic Insurers*' dated April 15, 2015.

We are pleased to provide the Financial Services Commission with the CAA's comments on the draft actuarial requirements guidelines. The CAA welcomed the opportunity to be part of the discourse on these proposed changes and would appreciate the opportunity to continue to be part of any discussions that the FSC may have regarding the guidelines for actuaries and the standards for actuarial work carried out in the Turks and Caicos Islands.

The CAA's mandate includes the encouragement and support of the development of actuarial science in the Caribbean and as part of this mandate promotes the maintenance of high standards within the actuarial profession in the Caribbean. In fulfilment of this mandate the CAA currently has three standards of actuarial practice which ensure that a minimum standard of work is carried out by its members in specific areas of actuarial practice. We are currently in the process of strengthening this standards framework through the implementation of two new standards of practice in December 2015. We encourage the FSC to examine our current and proposed standards of practice that may be found on our website <http://www.caa.com.bb/Governance/Standards-of-Practice.aspx> and to consider adopting them for actuaries who practice in the Turks and Caicos Islands.

It is recognized that the proposed guidelines refer to Insurance Legislation which has been in force for many years and, in consequence, does not comply fully with the latest Insurance Core Principles published by the International Association of Insurance Supervisors; for example, solvency standards do not directly take into account the total risks underwritten by the insurer and financial

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condition reports of the insurer are omitted. The CAA understands that work has been taking place to update the relevant legislation with respect to domestic insurers in the Turks and Caicos Islands and the CAA would be happy to provide comments in due course.

We thank you again for the opportunity to comment.

Yours sincerely

A handwritten signature in blue ink that reads "Lisa Wade". The signature is written in a cursive, flowing style.

Lisa Wade FFA, FSA
President
Caribbean Actuarial Association



Recommendations

Section 1.1 The Institute of Actuaries and the Faculty of Actuaries merged on August 1, 2010. This section should therefore read:

Pursuant to Section 2 of the Insurance Ordinance (“IO”), the Commission recognizes an “actuary” as being a person who has qualified as an actuary by examination of the Institute and Faculty of Actuaries in the United Kingdom, or the Society of Actuaries in the United States or Canada, or the Casualty Actuarial Society in the United States or Canada.....

Section 2.2 The words ‘an actuary’ should be replaced by ‘an Approved Actuary’.

Best practice is that all general insurers should have an actuary undertake an actuarial valuation of their liabilities. Nevertheless, the CAA acknowledges that a few of the general insurers operating in the TCI are very small and rely significantly on reinsurance to manage their risks. The FSC should note that all liabilities of general insurers may not be reinsured. It may be considered too expensive to employ engage an actuary, but, in these circumstances, the FSC must be fully satisfied that the reinsurance arrangements, where they exist, are sound and that the insurer’s liabilities are being valued in a reliable and transparent manner.

Section 4.1.6 The words ‘Appointed Actuary’ should be replaced by ‘person’.

Section 4.2 The words ‘an approved actuary’ should be replaced by ‘an Approved Actuary’.

Sections 5.1 and 5.2 The wording in this section follows that of the IO in that an actuarial valuation of its assets and liabilities is prepared at least once in every three years, but Section 10 (1) (d) of the IO provides for this valuation to be submitted with each Annual Return; i.e. every year and not at least once in every three years.

Nevertheless, it should be recognized and accepted by the FSC that the Approved Actuary relies on the asset and non-actuarial liability values as provided to the Auditors by other professionals within the insurer.

Section 6.6 The Section should read as follows:

The actuarial valuation report should include a certificate signed by the Approved Actuary to the insurer stating whether or not, in his opinion,



Section 6.7 The Section should read as follows:

The actuarial valuation report should include a statement from the Approved Actuary to the insurer expressing an opinion on the adequacy of the insurer's reinsurance arrangements having due regard to the risk profile of both the insurer's business and its reinsurance strategy.

Section 7 The CAA suggests the addition of the following:

CAA Actuarial Practice Standards

In all reports prepared and submitted by an actuary, it should be stated whether the actuary has complied with the Caribbean Actuarial Association's Standards of Practice. If this is not possible, the actuary must give reasons for non-compliance.