

Circular No. ID 04/06

10 Feb 2006

The Principal Officer  
General and Composite Direct Insurers and Reinsurers

Dear Sir/Madam

**DOCUMENTS LODGED IN RESPECT OF GENERAL ACTUARIAL INVESTIGATION  
UNDER SECTION 37 OF THE INSURANCE ACT (CAP 142)**

1 General and composite direct insurers and reinsurers are required to lodge with the Authority a report of the actuarial investigation ("Report") carried out under section 37 of the Insurance Act (Cap 142) ("Act"), an abstract of the aforesaid report ("Abstract"), and a certificate relating thereto ("Certificate") for each accounting period as prescribed in Form 20 of the Insurance (Accounts and Statements) Regulations 2004 (hereafter collectively called "the Actuarial Returns").

2 In our review of insurers' past submissions of the Actuarial Returns, the Authority noted certain discrepancies and unsatisfactory practices. The Authority would like to remind insurers and actuaries of the following:

a) Under section 37 of the Act, the actuary ("Certifying Actuary") who has been approved by the Authority to conduct the investigation into the insurance policy liabilities of the insurer is solely responsible for the Actuarial Returns to be submitted to the Authority. As such, the Certifying Actuary should sign the Actuarial Returns in his/her own capacity and not on behalf of the firm or company that employs him/her. Thus, words such as "we" and "our" are inappropriate for use by the Certifying Actuary when reporting to the Authority in the Actuarial Returns.

b) The Certificate as prescribed in Form 20 should be submitted without any amendments or deletions. We have noted instances where the words "net of reinsurance" were omitted from the Certificate, which is not acceptable. Instead, any qualification by the Certifying Actuary should be reported under the section on "qualifications" in the prescribed form.

c) The contents of the Actuarial Returns should be consistent. As such, if the Certifying Actuary qualifies his/her actuarial investigation, the qualifications should be clearly and consistently reported in the Report, Abstract and Certificate. In this regard, all qualifications in the Report and Abstract should be highlighted under the section on "qualifications" in the Certificate.

d) The Actuarial Returns are statutory returns submitted to the Authority under the Act and not documents prepared by an actuary for an insurer's internal use. In this regard, the Actuarial Returns:

i) should be signed by the Certifying Actuary;

- ii) are subject to Singapore law and jurisdiction and any qualification that they are subject to a foreign law or jurisdiction is unacceptable; and
- iii) should not contain any clause limiting the Certifying Actuary's liability.

3 The Authority would also like to inform insurers that each insurer should not have more than one Certifying Actuary at any point in time. The insurance legislation will be amended in due course to clarify that in respect of an insurer, an actuary approved under section 37 of the Act would replace any actuary previously approved under this section as the Certifying Actuary.

4 Please acknowledge receipt of this circular.

Yours faithfully

[Sent thru' MASNET]

LOW KWOK MUN  
EXECUTIVE DIRECTOR  
INSURANCE SUPERVISION DEPARTMENT  
PRUDENTIAL SUPERVISION GROUP