**Professional Compliance Questionnaire (PCQ)**

The Council in terms of the powers vested in it Section 19(2)(i) and Section 19(2)(r) of the Institute of Actuaries of India has put in place the above APS which is classified as Practice Standard, meaning thereby that a material breach of its provisions would by itself be a ground for complaint under disciplinary powers and would amount to a strong prima facie evidence of unprofessional conduct or professionally objectionable conduct. Such evidence could normally be set aside only if the member could show that in an actuarial advice given, any departure considered appropriate from the strict compliance with any aspect of the APS had been disclosed and justified.

The Council would want to satisfy itself, to the extent that it is possible to do so, that the Appointed Actuaries are in strict compliance with this APS at all times and that to the extent it is not so, the same is made part of the actuarial report and justified. The Council would also want to satisfy itself as to the manner in which such compliance is actualized so as to ensure that the APS is strengthened if need be on continuing basis.

It is clarified that the Compliance Questionnaire is a means for the Council to have a higher level of satisfaction of compliance by the Appointed Actuaries and does not amount to certification that the Appointed Actuary has complied with all the provisions of the APS fully as in the nature of things such a judgmental process should rest with the Council and the judicial authority in India.

It is also clarified that this Compliance Questionnaire contains those elements of the APS which are currently considered by Council as key aspects to be monitored and there could be other aspects as well which the Appointed Actuary needs to comply.

**Confidentiality**

The contents of this Compliance Questionnaire are confidential between Council or any committee constituted by Council and the Appointed Actuary and shall under no circumstances be used against him/her without his/her knowledge and due processes as prescribed within rules of the Institute of Actuaries of India

**The Professional Compliance Questionnaire (PCQ)**

**A: The Appointed Actuary**

|  |  |  |
| --- | --- | --- |
| **Question No**  | **Question and link to APS 1 or any other**  | **Reply** |
| 1  | Regulations which are considered relevant to the APS as at its issuance date; 01 11 2001, are there any other regulations which you consider relevant? State the regulation and its notification date. (link para APS 1 lists the IRDA regulations)  |  |
| 2  | Did you have any occasion to seek advice of IAI for proper discharge of your responsibility? If so, please state the occasion and the advice taken. Please also state if you were satisfied with the advice taken.(link para 2.3 of APS 1) |  |
| 3 | Please mention if you have a Certificate of Practice issued by IAI? Please also include the details here. |  |
| 4 | APS1 provides for exceptional circumstances under which an Appointed Actuary can have recourse on a professional and formal basis to another actuary. Did you have any occasion(s) to consult an actuary within the meaning of this para? If so, please state the occasion, describing details in brief and give name of such an Actuary and whether (s)he was or is a member of IAI?  how the consultation helped you in your course of action(link para 3.2 of APS1) |  |
| 5 | Have all stipulations as specified under Regulation 3B and/or 3C of the AA Regulations been complied with? If not, which ones have not been and why? (link 3.3 of APS 1)  |  |
| 6 | Do you have an Appointment letter as Appointed Actuary in place over and above your appointment letter as an employee?If not, why? (link 3.4 of APS 1)  |  |
| 7 | Whom do you report to as Appointed Actuary in the Insurer’s office? If you do not report to the Principal Officer, then state the designation of the official to whom you report. Did you have the right of direct access to all relevant information, all the relevant decision making bodies and persons? (link 3.5 of APS 1)  |  |
| 8  | Have your financial interests in the Insurance Company or the Group Companies by their nature and size have become such that material conflict of interest would in the normal course arise? If yes, please confirm that you have taken necessary course of action as specified. (link 3.6 of APS1) |  |
| 9  | Please explain that you fully understand your responsibilities with IRDAI, profession and employer.Does your responsibility to the employer consistent with your responsibility to the profession?Does that materially conflict with your statutory responsibility to the IRDAI? (link 3.7 of APS 1) |  |
| 10  | While carrying out your function as Appointed Actuary, what other APSs have been complied with? (link 3.8 of APS 1)  |  |
| 11  | Did you have any occasion to report to IRDAI on a situation giving rise to conflict of interest? If so, please state briefly the nature of the reporting. (link 4.1 of APS 1)  |  |
| 12  | Are you ensuring that the reasonable expectations of the company’s policyholders are met? If any significant change is likely, did you make sure that the company appreciates the implications of this on its policyholders’ reasonable expectations? (link 4.2 of APS 1)  |  |
| 13  | State briefly the manner in which you have ensured that the new policyholders are not misled with regard to their expectations, i.e. in connection with illustrations at the point of sales? (link 4.3 of APS 1)  |  |
| 14 | Have you ensured that your conduct and reach and depth of your functionalities enable you to discharge your duties and obligations in letter and spirit with regulation (9) of AA regulations?(link 4.4 of APS 1) |  |
| 15 | Did you have resources in place to carry out investigations to be satisfied that the company is solvent at all times? (link 5.1 of APS 1) |  |
| 16  | While carrying out the statutory valuation of liabilities have you ensured consistency with methodology prescribed and the asset valuation done? (link 5.2 of APS 1)  |  |
| 17 | Have you considered all aspects likely to affect the financial condition of the company as described in para 5.5 of the APS1? |  |
| 18  | Have you satisfied yourself that premium rates for new business are appropriate and considered the factors which will affect your judgment? If not, have you considered the company’s ability in terms of  capital requirement, and  informed the Board suitably in the matter? (link para 6.1 and 6.2 of APS 1)  |  |
| 19 | Have you ensured that the company has adequate resources to meet the new business strain  have indicated the volume of sales that could prudently be accepted  indicated the additional capital requirement and assured the availability of the additional capital for writing the sales numbers decided?(link para 6.3 of APS 1)  |  |
| 20  | Have you satisfied yourself that for linked business and  unitized with profits business all the discretionary elements of unit pricing and fund charges applied are consistent with policyholders’ reasonable expectations? (link para 6.4 of APS 1)  |  |
| 21  | Have you assessed the capital requirement using the cash flow approach? (link para 7.1 of APS 1) |  |
| 22  | In carrying out the actuarial investigations to the resilience of the financial position of the company have you; 1 Ensured that the data used is accurate?2 Ensured that the valuation methods are appropriate for the policy contracts concerned? 3 When determining the liabilities, given due regard to the policyholders’ reasonable expectations?4 Ensured that the assumed value for each parameter is made up of expected level and margin on it for adverse deviation as defined in the APS 1 para 8.5?5 Ensured that in determining the value of liabilities appropriate provision is made for future expenses and that this provision is at least equal to that required if the company were too close to new business twelve months after the valuation date? 6 Made an assessment of the rate of interest to be used in the valuation of liabilities in line with para 8.7 of APS 1? 7 Made due allowance for tax, taking into account the current and future taxation position of the company and ensured consistency with any allowance for tax relief on expenses? 8 Judged whether the investment policy pursued by the company was appropriate for the nature and term of liabilities and, if not, assessed the need for additional reserves? 9 Ensured that suitable guidelines have been given to the investment manager in regard to the use of derivatives and monitoring procedure was in place to monitor the company’s exposure to loss through their use? 10 Reviewed the reinsurance arrangement of the company and advised the company about the inadequacies, if any, in it and in that case the remedial measures necessary? 11 Satisfied yourself that in the public interest, the margins in the valuation are in total adequate taking into account the risk profile of the company’s business if the results of the valuation of liabilities aside from statutory valuation are to be published? (link para 8 of APS 1) |  |

|  |  |  |
| --- | --- | --- |
| 23  | Have you ensured that before allocation of surplus, the company has considered your advice and that - the allocation was in compliance with the provisions of section 49 of the Insurance Act 1938 and - the relevant IRDAI Regulations? (link para 9.1 of APS 1)  |  |
| 24  | Have you applied rigorous standards to ascertain the solvency of the company?Have you ensured that the ratio of available solvency margin to the required solvency margin is in accordance to the risk profile of assets and liabilities and as per the IRDAI guidelines? (link para 10.1 of APS 1) |  |
| 25  | Is insolvency, or intervention on the part of the IRDAI, arisen from factors within the company control and, If so, have you suitably advised the company to remedy the situation and If it has arisen from the factors beyond the company control, have you taken the necessary steps and communicated the position to the IRDAI in consultation with the Board of Directors of the company? (link para 10.2 of APS 1) |  |
| 26 | Have you reported in writing to the Board of Directors about the valuation before any report was made to IRDAI? Further * Ensured that the financial results presented demonstrates the true underlying position of the company?
* Results were not distorted by any non-disclosures?

(link para 11.1 of APS 1) |  |
| 27 | Have you ensured that the reports are detailed enough and included provisions to enable the Board of Directors to decide allocation of surplus and its implications? (link para 11.4) |  |
| 28 | Have you appointed a Peer Reviewer as required under APS 4? If so, please state the Actuarial body of which he/she is a Fellow member and confirm that, if not a FIAI, he/she is an Affiliate member of IAI.(link APS 4)  |  |
| 29 | Do you have a Mentor as prescribed by IRDAI regulations/circulars?- |  |

Name of the Appointed Actuary \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of the Company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_