

Content

Title :	Regulations Governing Appointed Actuaries of Insurance Companies Ch
Date :	2007.12.31
Legislative :	<ol style="list-style-type: none">1. Promulgated by Ministry of Finance (Tai-tsai-pao No. 0900751320) in total of 14 articles on 2001.12.202. Amended on December 31, 2007
Content :	<p>Article 1</p> <p>These Regulations are formulated in accordance with the provisions of Paragraph 2 of Article 144 of the Insurance Act (hereinafter referred to as the "Act").</p> <p>Article 2</p> <p>An Appointed Actuary of an insurance company shall have all of the following qualifications:</p> <ol style="list-style-type: none">1. The qualifications of an actuary;2. Practical actuarial experience in the insurance business for more than five years; and3. Completion of the training course on Code of Professional Ethics for Certified Actuaries specified or accredited by the competent authority. <p>An actuary referred to in Subparagraph 1 of the preceding paragraph means an person who engages in the insurance actuarial activities for an insurance company, and who has acquired the fellow of such a domestic society (association) of actuary as is recognized by the competent authority or has passed the actuarial examination organized by a domestic academic insurance institution recognized by the competent authority and obtained the actuary's certificate or has registered with the competent authority as an actuary before the enforcement of these Regulations.</p> <p>Article 3</p> <p>Where any of the following circumstances applies, a person shall be unqualified to assume the post of Appointed Actuary of an insurance company, and if the person has assumed such post, he or she shall be dismissed therefrom:</p> <ol style="list-style-type: none">1. Where the person has restricted capacity to act;2. Where the person was convicted of sedition or treason, or under an arrest warrant on a case yet to be wound up;3. Where the person was convicted of document forgery, misappropriation, fraud, breach of trust and sentenced to fixed-term imprisonment or a more severe punishment and it is less than ten years since the end of the imprisonment or probation period or, as the case may be, the remittance on the punishment;4. Where the person was convicted of corruption and sentenced to imprisonment in a final judgment, and it is less than five years since the end of the imprisonment or probation period or, as the case may be, the remittance on the punishment;5. The person was sentenced to imprisonment for violation of the Act, the Banking Act, the Securities Exchange Act, the Futures Exchange Act, or the

Foreign Exchange Control Act, and it is less than five years since the end of the imprisonment or probation period or, as the case may be, the remittance on the punishment;

6. Where the person has major credit impairment, of which the cause has not been settled or was settled less than five (5) years ago;

7. Where the person has been adjudged bankrupt and has not yet restored his/her rights;

8. Where the person concurrently serves as the general manager or the equivalent of the same insurance company;

9. Where the person has been subjected to the recorded punishment of disqualifying him/her as an Appointed Actuary for violation of the Act; or

10. Where the person is ascertained to have been engaged or involved in other dishonorable or improper activities, which manifest that he/she is not qualified as an Appointed Actuary.

Article 4

An insurance company may use in-house actuary or outside actuary as Appointed Actuary.

The engagement of the Appointed Actuary shall be first approved by more than half of the attendance in the meeting of the board of directors (governors) which shall be attended by more than half of the directors (governors) of the insurance company. The same shall apply to the dismissal of the Appointed Actuary.

After appointing the Appointed Actuary, the insurance company shall file the following documents with the competent authority for recordation:

1. The application for engagement of the Appointed Actuary by the insurance enterprise;

2. The minutes of the meeting of the board of directors (governors) relating to the approval for appointment of the Appointed Actuary;

3. The certificates substantiating that the Appointed Actuary satisfies the qualifications set forth under Paragraph 1 of Article 2 hereof;

4. A statement that the Appointed Actuary meets the requirements set forth in Article 3 hereof; and

5. A letter of authorization issued by the board of directors (governors) pursuant to Article 9 hereof.

Upon dismissal of the Appointed Actuary, the insurance company shall file a written statement with the competent authorities, explaining the reasons for the dismissal, and shall appoint a new Appointed Actuary within three months.

Article 5

Where an insurance company engages an Appointed Actuary either by in-house actuary or outside actuary, the insurance company shall establish a system and a team for handling the actuarial activities, so as to assist in collecting and maintain the data necessary for the Appointed Actuary to perform the certification. The insurance enterprise shall also cooperate with the Appointed Actuary in handling the actuarial activities, and shall provide the actuaries with continual training or development programs to enhance their competence.

Article 6

An Appointed Actuary shall file with the competent authority an Actuary Report on the following particulars on an annual basis:

1. Pricing, including adequacy of premiums:

Regarding the insurance lines designated by the competent authority, the Appointed Actuary shall review, on a regular basis, the premium rates of the products, and propose proper adjustments to or other feasible measures for such premium rates as are considered Unfairly Discriminatory, unreasonable and inadequate.

2. Assessment on Adequacy of various reserves:

The Appointed Actuary shall make sure that the reserves accrued by the insurance company are not less than the respective minimum amounts specified in the relevant regulations and provide reasonable assurance that such reserves will be sufficient to pay the future benefits payable under the policies issued by the insurance company. Should there be any insufficiency in the reserves, the Appointed Actuary shall propose to the insurance company some measures for improvement therefor.

3. Distribution of policy dividends:

The Appointed Actuary of a life insurance company shall submit a proper proposal for distribution of policy dividends before the insurance enterprise distributes dividends to the holders of the participating policies each year.

4. Evaluation of investment strategy:

The Appointed Actuary shall provide professional analysis and opinions regarding the alignment and influence of the investment with and on the assets and liabilities of the insurance company for reference by management in making investment decisions.

5. Evaluation of solvency:

Each year, the Appointed Actuary shall evaluate current and future capital adequacy for the insurance company under different hypotheses regarding economic conditions and circumstances.

6. Other items required by the competent authority.

The enforcement dates of the certification items set forth above shall be determined by the competent authority respectively, in consideration of the development of the industry and the needs for supervision.

Article 7

If, during the period of performing his or her duties, an Appointed Actuary discovers that the business operations of the insurance company are likely to incur or have already incurred significant adverse impact on the financial standing of the company, he or she shall inform, in writing, the general manager of the insurance company thereof and propose measures for improvement thereof within a time limit. If the insurance company fails to make improvement within the time limit, the Appointed Actuary shall submit a report thereon to the Board of Directors. In the case of grave circumstances, the Appointed Actuary shall immediately report the same to the competent authority.

After completing the Actuary Report referred to in the preceding Article hereof, an Appointed Actuary shall submit the report, together with the relevant proposals to the board of directors (governors) of the insurance company. If necessary, the board of directors (governors) or the competent authority may request the Appointed Actuary give an oral explanation of the contents of such submissions.

The insurance company shall, within fifteen days after each of the Board

meetings referred in the preceding two Paragraphs, submit the respective meeting minutes to the competent authority for recordation.

Article 8

An Appointed Actuary shall handle various certification activities in accordance with the Act, the relevant regulations, and the applicable principles of actuarial practice.

The principles of actuarial practice referred to in the preceding paragraph may be formulated by such a domestic society (association) of actuaries or another relevant organization as is designated or authorized by the competent authority.

Article 9

The board of directors (governors) of an insurance company shall authorize its Appointed Actuary to conduct the following activities within the scope of his or her duties:

1. Requesting the managers or employees of the insurance company to provide correct information or documents and answer relevant questions for his/her certification activities; and
2. Attending the insurance company's meetings at which important decisions on issues relating to solvency will be made, and giving his or her opinions on such issues.

Article 10

An Appointed Actuary shall abide by the code of professional ethics for members of the institution (association) of actuaries of which he or she is a member. Certification made by him or her shall not in any way contain any of the following defects:

1. Absence of such explanation as is required in the certification report to avoid misunderstanding;
2. Failure to disclose or rectify the falsification, concealment, omission or misstatement of information contained in the certification report; or
3. Failure to disclose such actuarial methodology used by the insurance company as is inconsistent with the relevant laws, regulations, and principles of actuarial practice.

Article 11

In any of the following circumstances, an Appointed Actuary shall refuse to perform, and shall inform in writing the competent authority thereof:

1. Where the insurance company intends to mislead him or her to make a false or improper certification;
2. Where the insurance company intentionally withholds the necessary information; or
3. Where he or she is unable to make a fair, detailed, and true certification due to concealment and deceit of the insurance company.

Article 12

An Appointed Actuary shall, on a regular basis, attend the training programs designated or recognized by the competent authority and obtain the certificates proving his or her completion of such programs. The said certificates shall be filed with the competent authority together with the actuary report referred to in Article 6 for recordation. An Appointed Actuary, who fails to obtain the completion certificate for each of the aforesaid training programs which shall be attended in a specific period, shall not perform any certification for the insurance company.

The contents and assessment standards of the training programs referred to in the preceding paragraph shall be designed by the organizations designated or authorized by the competent authority to offer training programs for the appointed actuaries, and shall be submitted to the competent authority for review and recordation.

The designated or authorized training organizations referred to in the preceding paragraph shall submit, on a regular basis, the name list of the appointed actuaries who have completed the programs to the competent authority for recordation.

Article 13

If an Appointed Actuary is ascertained to have violated any provisions of the Act or these Regulations, the competent authority may, in view of the severity of the circumstances, impose a warning on him or her, or suspend for one year or revoke his or her qualification for performing certification, with a notice thereof sent to the institution (association) of actuaries of which the violator is a member. If the violator is liable for criminal prosecution, he or she shall be brought to justice.

Article 14

These Regulations, except Article 6, shall enter into force on the date of promulgation.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System