اللاعحة التنظيمية للأعمال الإكتوارية لشركات التأمين و/أو إعادة التأمين

ACTUARIAL WORK REGULATION FOR INSURANCE AND/OR REINSURANCE COMPANIES
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اللاجعة التنظيمية للأعمال الإكتوارية لشركات التأمين و/أ إعادة التأمين
Part 1: Introduction

1. The purpose of this Regulation is the following:
   a. Enumerating the procedures for appointing the Appointed Actuary and his or her roles and responsibilities, taking into account the role of the Actuary that has been defined in the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies issued by Minister of Finance Decision No. (1/596), dated 1/3/1425 AH.
   b. Promoting high standards of actuarial practices within the Kingdom of Saudi Arabia.

2. This Regulation shall be complied with in conjunction with the Supervision of Cooperative Insurance Companies Control Law issued by Royal Decree No. (M/32), dated 2/6/1424 AH and its Implementing Regulations, especially articles 1, 2, 4, 7, 8, 9, 20, 23, 46, 47, 48, 51, 59, 66, 67, 68, 69, and 70 of Implementing Regulations.

3. In conjunction with the provisions of the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations, no person shall exercise the duties of an Actuary in the Kingdom of Saudi Arabia without obtaining SAMA’s prior written approval.

Definitions:

4. Without prejudice to the provisions of Article (1) of the Implementing Regulations of the Supervision of Cooperative Insurance Companies Control Law, the following terms, wherever mentioned in this Regulation,
shall have the meanings assigned thereto unless the context otherwise requires:

a. "Appointed Actuary" the Actuary who is appointed by the Company, after obtaining a prior written approval from SAMA, to undertake the responsibilities specified in this Regulation and the articles 20, 51 and 69 of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.

b. "Actuarial Services" the professional services provided to the Company by an individual acting in the capacity of an Actuary. Such services include the rendering of advice, recommendations, findings, and opinions.

c. "Peer Review" reviewing the work of an Appointed Actuary by another Actuary to ensure it complies with the statutory requirements and the professional standards.

d. "Related Company" a company (or one of several companies that SAMA may consider to be acting in concert) holding a shareholding of 5% or more of the equity of the Company, or a company in which the Company (either alone or with other companies that SAMA may consider to be acting in concert) holds a shareholding of 5% or more.

e. "An Executive Officer" the executive management team of the Company, including Chief Executive Officer (CEO), General Manager (GM) and any other executives reporting to the CEO or GM.

f. "Company" the shareholding company which practices insurance or reinsurance or both.

g. "SAMA" Saudi Arabian Monetary Authority.
h. "Regulation" Actuarial Work Regulation for Insurance and Reinsurance Companies.

The remaining terms used in this Regulation have the same meaning as stated in Article (1) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.

Scope:

5. This Regulation applies to insurance and/or reinsurance companies and Actuaries or whom are entrusted to carry out the work on their behalf.

Compliance Measures:

6. Insurance and/or reinsurance companies must establish appropriate written internal controls and procedures to ensure and monitor compliance with this Regulation, including the compliance by contracted Actuaries. This is not required to include detailed professional requirements, but should ensure that all required tasks are carried out by the Appointed Actuary, and submitted to SAMA by any prescribed deadlines.

7. Insurance and/or reinsurance companies must maintain adequate records to demonstrate compliance with this Regulation, including but not limited to documents indicating the appointment or change of Actuaries, agreements with Actuaries clarifying their roles and responsibilities and details of qualifications and experience of Actuaries.

Non-Compliance:

8. Non-compliance with the requirements set forth in this Regulation will be deemed a breach of the Law on Supervision of Cooperative Insurance and/or Reinsurance Companies.
Insurance Companies and its Implementing Regulations and licensing conditions or approving of work and may subject insurance and/or reinsurance companies and/or Actuary to regulatory actions.

9. In the case of non-compliance by the Appointed Actuary with the requirements set forth in the Law on Supervision of Cooperative Insurance Companies and its Implementing Regulations, this Regulation, or the relevant Actuarial organization’s professional code of conduct and technical standards of practice, the Company shall inform its Board of Directors and SAMA in this regard within 24 hours of becoming aware of the non-compliance, and provide SAMA with the details of actions taken within ten working days from the date of discovering the violation.

10. The Company shall, after obtaining SAMA’s prior written approval, appoint an actuary (Appointed Actuary) who meets the requirements of Article (13) of this Regulation and is experienced in the types of businesses written by the Company. The Company can appoint its Appointed Actuary through employment or by appointing an external Actuary according to Outsourcing Regulation For Insurance And Reinsurance Companies And Insurance Service Provider.

11. The Appointed Actuary shall be prohibited from being a member of the Board of Directors or Chief Executive Officer or General Manager in the Company or a Related Company.

12. Members of the Board of Directors and the Chief Executive Officer and General Manager of the Company shall not provide any Actuarial Services to the Company.

Part 2: Actuarial Services

Section A: Appointment

Appointment of the Appointed Actuary:

10. The Company shall, after obtaining SAMA’s prior written approval, appoint an actuary (Appointed Actuary) who meets the requirements of Article (13) of this Regulation and is experienced in the types of businesses written by the Company. The Company can appoint its Appointed Actuary through employment or by appointing an external Actuary according to Outsourcing Regulation For Insurance And Reinsurance Companies And Insurance Service Provider.

11. The Appointed Actuary shall be prohibited from being a member of the Board of Directors or Chief Executive Officer or General Manager in the Company or a Related Company.

12. Members of the Board of Directors and the Chief Executive Officer and General Manager of the Company shall not provide any Actuarial Services to the Company.
Section B: Conditions and Procedures of Appointment

13. The Appointed Actuary, at the minimum, shall satisfy the following conditions:

a. Fellow of an Actuarial Organization that has an examinations based qualification and gets SAMA’s approval.

b. Holds appropriate experience after attaining his or her fellowship to act as the Appointed Actuary for the Company in the types of businesses written by the Company.

c. Shall not have been issued with any disciplinary action, or has been suspended or cancelled his/her membership at any time of any actuarial organization, or has been suspended or cancelled his/her license, which allows him/her to provide actuarial services, from any regulatory body.

d. Shall not have been convicted of a felony or a misdemeanor infringing integrity or trustworthiness without being rehabilitated.

14. To satisfy the requirements set out in Article (13) of this regulation, the Company shall provide SAMA with the following:

a. Confirmation that the relevant Actuary satisfies the requirements in Article (13) of this Regulation.

b. A copy of the Fellowship Certificate issued by the Actuarial Organization demonstrating the Actuary’s membership.

c. Evidence of the status of the Actuary’s membership within the Actuarial Organization.

d. A detailed resume highlighting the appropriate experience to assume the role of Appointed Actuary.
e. A copy of the Actuary’s academic qualifications and professional experience.

f. A completed fit and proper form (Appendix).

g. Any data or other identification documents required by SAMA.

15. The Company shall inform SAMA immediately of any changes, subsequent to the approval granted by SAMA, occurring in any of the data and information by virtue of which the Actuary was granted the approval. SAMA can revoke the approval if the change in any way impacts the capacity of the Actuary to execute the role of the Appointed Actuary.

SAMA’s approval shall be void when it is found out that the Actuary’s documents or information submitted to SAMA are incorrect or forged.

16. The Appointed Actuary shall have the right to access the accounting books and other records and documents of the Company and be entitled to obtain from the Board of Directors and Senior Management of the Company the information and explanations deemed necessary for the carrying out of their duties and the Company should provide them the same.

17. The Appointed Actuary shall submit his or her actuarial reports on an urgent basis directly to the Company’s Board of Directors and the Compliance Function in the Company in the following cases:

a. If there are immediate or future threats facing the Company that may adversely affect it, including but not limited to the followings:
   - Solvency Margin

Section C: Overarching Rules

15) على الشركة إشعار المؤسسة فوراً بأي تغييرات تطرأ لاحقاً على أي بيانات وعلومات وافقت المؤسسة بمقتضىها مسبقًا على التعين، ويحق للمؤسسة إلغاء الموافقة إذا كان التغيير يؤثر بأي شكل من الأشكال على فرصة الإكتواري على أداء الدور المطلوب منه كإكتواري معين.

تعتبر موافقة المؤسسة لاحقة من ما انتهى أن مستندات أو بيانات الإكتواري المقدمة للمؤسسة غير صحيحة أو مزورة.

16) يحق للإكتواري المعين الاطلاع على دفاتر الشركة وسجلاتها ومستنداتها، ويحق له أن يطلب من مجلس إدارة الشركة وإدارتها العليا المعلومات والإيضاحات التي يراها ضرورية للقيام بواجباته وعلى الشركة تزويدته بذلك.

17) على الإكتواري المعين رفع التقارير الإكتوارية التي يعدها مباشرةً وغشية عاجلة إلى مجلس إدارة الشركة وإدارة مراقبة الالتزام في الحالات الآتية:

أ) إذا كان هناك مخاطر وشيكة أو مستقبلية قد تواجه الشركة وتؤثر سلباً على سبيل المثال لا الحصر، علَئ الأتي:
   - هامش الملاءة
18. The Appointed Actuary shall:

a. Do the work entrusted to them in accordance with actuarial principles and standards issued by the Actuarial Organization that they belong to and be accountable to that Organization as well as to SAMA. Standards issued by the International Actuarial Association are considered to apply to all actuarial work required under these regulations and any actuarial work required by SAMA.

b. If the Company has evidently breached the provisions of the Law On Supervision of Cooperative Insurance Companies and its Implementing Regulations and any other regulations or rules issued by SAMA about the Company’s financial position or technical provisions, or any matter that may affect the interests of the policyholders or the beneficiaries of insurance policies.

c. If the Company does not allow the Appointed Actuary to perform the duties and responsibilities assigned to them under the Law On Supervision of Cooperative Insurance Companies and its Implementing Regulations and any other regulations or rules issued by SAMA.

The Board of Directors shall examine those actuarial reports and recommend corrective actions, and forward all related information on these actions taken to SAMA within twenty working days of receiving the actuarial report.

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- Obligations of reinsurers and the Company’s obligations against the reinsurers
- Appropriate risk retention levels
- Profitability of the Company’s products
- Pricing of the Company’s products
- Technical reserves

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Obligations of reinsurers and the
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Pricing of the Company’s products
Technical reserves
b. Perform their duties with honesty, integrity, and competence, and shall not conceal any facts relating to the Company's financial or technical position or provide incorrect information.

c. Not disclose the Company's confidential information obtained during or after their work.

d. Not to entrust someone else to carry out the actuarial work of the Company on their behalf unless the extent of that work and the individual carrying it out are clearly identified in the corresponding report.

e. Keep records of their work, organized according to the relevant Actuarial Organization's professional standards. The records shall include the data and copies of the documents that must be provided to SAMA.

f. Bear the liability of any professional malpractice resulting from negligence as specified in Article (9) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.

g. Only perform professional services if competent and appropriately experienced to do so.

19. In case there is a deficit in the technical provisions based on the opinion of the Appointed Actuary, the Company shall take the necessary corrective actions to correct the deficit by the end of the following financial quarter that comes after the financial quarter that shows a deficit in the technical provisions for the Company.

Section d : Roles and Responsibilities

20. The general roles & responsibilities of the Appointed Actuary shall include (but not be limited to) the following:

- Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.
- Supervision of Cooperative Insurance Companies.
- The general roles & responsibilities of the appointed actuary and/or the actuarial work regulation for insurance and/or reinsurance companies.
- Performing their duties with honesty, integrity, and competence, and shall not conceal any facts relating to the Company's financial or technical position or provide incorrect information.
- Not disclose the Company's confidential information obtained during or after their work.
- Not to entrust someone else to carry out the actuarial work of the Company on their behalf unless the extent of that work and the individual carrying it out are clearly identified in the corresponding report.
- Keep records of their work, organized according to the relevant Actuarial Organization's professional standards. The records shall include the data and copies of the documents that must be provided to SAMA.
- Bear the liability of any professional malpractice resulting from negligence as specified in Article (9) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.
- Only perform professional services if competent and appropriately experienced to do so.

19) In case there is a deficit in the technical provisions based on the opinion of the Appointed Actuary, the Company shall take the necessary corrective actions to correct the deficit by the end of the following financial quarter that comes after the financial quarter that shows a deficit in the technical provisions for the Company.

الفصل: المهام والمسؤوليات

20) تشمل المهام والمسؤوليات العامة للأكتواري المعين على سبيل المثال وليس الحصر، على الآتي:

- Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.
- Supervision of Cooperative Insurance Companies.
- The general roles & responsibilities of the appointed actuary and/or the actuarial work regulation for insurance and/or reinsurance companies.
- Performing their duties with honesty, integrity, and competence, and shall not conceal any facts relating to the Company's financial or technical position or provide incorrect information.
- Not disclose the Company's confidential information obtained during or after their work.
- Not to entrust someone else to carry out the actuarial work of the Company on their behalf unless the extent of that work and the individual carrying it out are clearly identified in the corresponding report.
- Keep records of their work, organized according to the relevant Actuarial Organization's professional standards. The records shall include the data and copies of the documents that must be provided to SAMA.
- Bear the liability of any professional malpractice resulting from negligence as specified in Article (9) of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.
- Only perform professional services if competent and appropriately experienced to do so.
a. Obtain all required information from the previous Appointed Actuary.

b. Examine the Company’s overall financial position.

c. Assess the Company’s capital adequacy.

d. Evaluate the Company’s ability to meet its future obligations.

e. Price the Company’s Protection and Savings, Health, and Motor Insurance products; and provide recommendations on the Company’s premium rates adequacy for other General Classes of Business.

f. Determine and recommend the Company's technical provisions.

g. Coordinate with the Company’s risk management officers on estimating the impact of material risks and identifying appropriate mitigation techniques for those risks.

h. Assess the adequacy of reinsurance arrangements and the appropriate risk retention levels and provide a recommendation of the optimal retention level.

i. Provide recommendations to the Company's Board of Directors regarding the Company’s investment policy, keeping in view the nature and timing of policyholders' liabilities and the availability of appropriate assets.

j. Determine the surplus or deficit for the overall Company.

k. Prepare the appropriate reports in accordance with the financial reporting forms required by SAMA.

l. Review the underwriting manuals of the Company.

m. Advise on any other actuarial matters.

21. In addition to the roles and responsibilities set in Article (20) of this Regulation, the ...
Appointed Actuary For Protection & Savings insurance business, shall undertake the following:

a. Perform a profit test of the premium rates.
b. Advise on the terms and conditions of insurance policies.
c. Determine and ensure the adequacy of the mathematical reserves.
d. Advise on the determination of the allocation of profits or bonuses to the with-profits Protection & Savings insurance policyholders.
e. Determine the amounts payable to the policyholders in case they surrender their policies.

Section E: Reports

22. The Appointed Actuary must ensure that the actuarial report is clear and comprehensive so that another experienced Actuary can follow the report and come to a conclusion. The report must contain, as a minimum, the following:

a. A clear statement that he or she is acting in a formal capacity as the Appointed Actuary.
b. A description of the actuarial guidance that is being followed.
c. Dates of all prior reports produced by the Appointed Actuary in relation to the client Company.
d. Comments on all related reports from other actuaries that were produced for the client Company.
e. If the prior actuarial reports were not reviewed or considered, reasons should be provided for the lack of such review.
f. Material changes to the methodology and assumptions from prior reports should be summarized and highlighted, and the reasons for such changes should be explained.
g. Explanation of the selection of all material assumptions and the reason for their choice provided. Any reliance on an external source should be cited.

h. An explanation of the methodology adopted by the actuary should be included.

i. Other actuaries who worked on the report should be identified. The peer review process should be explained, and the peer reviewer identified.

j. Any financial, organizational or other dependency concerning any matter related to the subject of the report, and any relevant information that is not apparent should be disclosed.

k. A glossary of terms used that may not be clear to the reader.

Section F: Data

23. The Appointed Actuary must take all reasonable steps to ensure the consistency, accuracy and completeness of the data used in the analysis. All formal reports should contain, as a minimum, the following:

a. Confirmation that the available data allows the desired analysis to be completed in the Actuary’s professional judgment.

b. Disclosure of known material data limitations and their implications.

c. A full description of the data that was used.

d. A full description of all data validations carried out.

e. The precise period of investigation that the data is derived from must be stated.

f. Reasonableness checks against data in the most recent prior reports should be described.
g. Any adjustments or filtering of the raw data should be explained, and an attempt made to measure the impact.

h. If the Appointed Actuary decides that performing a data review is not appropriate, the report should indicate that such a review has not been carried out (and the reason behind that) and should disclose any resulting limitation on the use of the actuarial work produced.

i. It is not acceptable an actuary’s report to include caveats that seek to place full reliance on others for data quality issues. The actuary is expected to carry out sufficient checks to satisfy himself or herself in the results of the report presented.

Section G: Peer review process

24. The Appointed Actuary shall ensure that his/her work peer reviewed. The aim of the Peer Review process is to detect any problems in the Actuarial Services provided by the Appointed Actuary and correct them in a timely manner; Specifically, the Peer Review should consider the responsibilities that are set out in this Regulation and the articles 20, 51 and 69 of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies. The Peer Review, at the minimum, shall cover the following:

a. The extent of compliance by the Appointed Actuary in discharging the roles and responsibilities specified in this Regulation and articles 20, 51 and 69 of the Implementing Regulations of the Law on Supervision of Cooperative Insurance Companies.

b. Used assumptions and methodology.

c. The conclusions and recommendations presented in the actuarial reports provided by the Appointed Actuary.
d. A selection of the most critical calculations that have been done by the Appointed Actuary.

e. The adequacy of the Company’s technical provisions.

25. The Appointed Actuary, who is being peer reviewed, shall be cooperative, willing to examine alternative views, and shall avoid becoming excessively defensive. On the other hand, the Peer Reviewing Actuary shall focus on material issues and broad principles and show respect for alternative views and honest differences of opinion.

26. If SAMA finds that the Appointed Actuary is unfit to undertake the mentioned responsibilities, SAMA may notify the Company to replace the Appointed Actuary with another competent Actuary, who can better fulfill those responsibilities. In case the Company fails to appoint the replacement Actuary, SAMA shall appoint an Actuary at the Company’s expense.

27. The Appointed Actuary shall be professionally liable for the Actuarial Services provided to the Company.

Section H : Formal Reports for SAMA

28. The Appointed Actuary shall submit an annual report to the Company’s Management, Board of Directors and SAMA by the end of the second month of the following financial year. The Appointed Actuary shall follow the detailed guidelines that SAMA issues from time to time regarding the contents of the annual report. The report, at the minimum, shall cover the following:

a. The adequacy of the Company’s technical provisions for General business and Health business, in addition to determination of the adequacy of mathematical reserves for Protection & Savings business.
b. Analysis of the actual investment returns earned by the Company’s investment during the financial year.

c. Expense Analysis. In addition, for Protection & Savings insurance the report should also include a mortality risk analysis and a persistency analysis.

d. The expense analysis should be sufficient to determine the following assumptions and reserve:
   1. Premium Deficiency Reserves for all General and Health products and short term Protection & Savings products.
   2. Renewal Expense assumptions for long-term Protection and Savings business.
   3. Any expense overrun reserve for long term Protection and Savings business. This reserve may only be adopted for the first three years valuations after the Company commenced writing long term Protection and Savings business.

   All expenses, zakat and income tax incurred by the Company must be fully allocated. Investment expenses, only, may be excluded and treated as a reduction in yields.

e. The Company’s overall financial position.

f. Insurance portfolio development analysis.

g. Recommendations on the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve adequate matching of assets with liabilities.
h. Positive and adverse underwriting policy development.

29. The Appointed Actuary shall carry out a mid-year review exercise and submit a report to the Company’s Management and Board of Directors, and the Company’s Management should submit a report to SAMA by the end of the eighth month of the current financial year. The Appointed Actuary shall follow the detailed guidelines that SAMA issues from time to time regarding the contents of the mid-year report. The report, at a minimum, shall cover the following:

a. Updated projections for a three-year period taking into account any planned surplus distributions and demonstrating the adequacy of the solvency margin. The projections should cover at least claims (gross claims and net claims), premiums (gross written premiums, net written premiums, gross earned premiums and net earned premiums), all different expenses and investment returns. The projections shall be made for at least three different scenarios, including a best or central estimate, a scenario based on pessimistic (adverse) assumptions, and a scenario based on optimistic (favorable) assumptions, with analysis of the effect of change in scenarios on the solvency margin.

b. Analysis and advice on the appropriate risk retention levels. The Company’s Board of Directors shall draw from the Appointed Actuary’s advice while performing their annual review of the reinsurance strategy document for the Company.
c. Pricing adequacy of the products' premium rates.
d. Perform a profit test of the premium rates being used and provide recommendations on the adequacy of the premium rates, for Protection & Savings Insurance products.

Section I: Medical Expense Pricing Report

30. If the Insurance Company writes Medical Expenses products, then the Appointed Actuary shall submit an annual Pricing Report to the Company’s Management, Board of Directors and SAMA by the end of the fifth month of the following financial year. The Appointed Actuary shall follow the detailed guidelines that SAMA issues from time to time regarding the contents of the pricing report. The report, at the minimum, shall cover the following:

a. Up to date and complete data must be used for all medical expense pricing reports.

b. The report should contain a clear summary of the proposed premium rates, the percentage change from the most recent approved rate for each component, and the overall percentage impact of the proposed rates of the total premium for the Company’s medical business.

c. The Actuary must recommend premium rates with no cross-subsidies between rating factors. If the Company wishes to quote rates that include an element of cross-subsidisation then a separate report must be submitted to SAMA showing the impacts on the Company’s profitability if it writes business that deviates from the expected distribution by rating factor.
d. If the Company has been writing medical expenses for more than three complete years, then it must cover all the commissions and expenses it incurs from its premium income. The Actuary must recommend premiums rates that include all expenses, and allow for a profit margin, and a contingency loading.

e. If there is a material reduction in any premium rates determined by the Actuary from those currently in force, then consideration should be given to the overall profitability of the company. Premium rates may only be reduced if the company can demonstrate that it will increase its Return on Equity on a reasonable range of assumptions on the Gross Written Premium it will write in the year after the new premium rates come into force.

f. Experience shall be analyzed at the level of the rating factors used by the company in pricing its risks. Treatment of any cells with insufficient data to be fully credible should be described. All premium rates must be considered including all discounts and loads.

g. Full allowance should be made for any changes in policy terms and conditions, distribution methods and commission rates.

h. The Actuary shall define how to Blend Book Rates and Experience Rates for Group Medical schemes over a defined size. Experience Rates or Burning Costs should be considered over a three year period if available. The Actuary should specify how Burning Costs are to be determined.

(د) إذا كانت الشركة تطرح تأمينًا صحيًا لأكثر من ثلاث سنوات كاملة، فإنه يجب عليها أن تغطي جميع العمولات والمصروفات التي تتكبدها من دخل أقساطها. يجب على الإكتواري أن يوصي بمعدلات أقساط تغطي جميع المصاريف وتسمح بإنشاء ربح ومخصص إضافي للعوائد.

(ه) إذا حدث انخفاض جوهري في أية معدلات أقساط حددتها الإكتواري عن تلك المعمل بحالة حالياً، فإنه ينبغي إبلاغ الاهتمام بالربحية الإجمالية للشركة ولا يجوز خفض معدلات الأقساط إلا إذا كانت الشركة تستطيع إثبات قدرتها على زيادة العائد على أسهم الملكية على أساس مجموعة من الفرضيات المعقولة حول إجمالي الأقساط المكتسبة في السنة الأولى لدخول معدلات الأقساط الجديدة حيز التنفيذ.

(و) يجري تحليل الاختبار عند مستوى عنصر التصنيف الذي تستخدمه الشركة في تسعير مخاطرها وتغلي الوصف بشكل كاف لكي خلانيا ذات بيانات غير كافية بعد غير مقبول كلياً. يجب اعتبار جميع معدلات الأقساط شاملة لجميع الحسابات والتكليف الإضافية.

(ز) يجب أن يكون هناك مخصص كامل لأي تغييرات في أحكام وشروط وقيمة التأمين، وطرق توزيع الفائض، وأسعار العمولات.

(ح) يحدد الإكتواري طريقة ربط معدلات التأمين الدورية بمعدلات الجرية لبرامج التأمين الصغيرة الجماعية على حجم محدد.

(ب) يجب أن تعامل معدلات التجارية أو التكاليف الجبوبة لمدة ثلاث سنوات، إن وجدت. يجب أن يوضح الإكتواري كيفية تحديد التكاليف الجدية.
i. The Actuary should consider trends in experience arising from claims cost inflation, increased awareness of insurance of the population, changes in regulations, and any other causes.

j. It should be noted that paragraph (3) of Article (46) of the Implementing Regulations requires that the prices used by each Company should not rely on other Company’s pricing. It is not, in general, acceptable to make use of any form of benchmarking other Company’s rates or experience in setting premium rates.

k. The Actuary should review the Company’s records to determine the extent to which recommended rates in prior pricing exercises were implemented. Comments should be made on the Company’s actual experience and how that would have varied if the Company had complied with the recommended rates.

Section J : Motor Pricing Report

31. If the Insurance Company writes Motor products, then the Appointed Actuary shall submit an annual Pricing Report to the Company’s Management, Board of Directors and SAMA by the end of the sixth month of the financial year. The Appointed Actuary shall follow the detailed guidelines that SAMA issues from time to time regarding the contents of the pricing report. The report, at the minimum, shall cover the following:

a. Up to date and complete data must be used for all motor pricing reports.

b. The report should contain a clear summary of the proposed premium rates, the percentage change from the most recent approved rate for each motor.
component, and the overall percentage impact of the proposed rates of the total premium for the Company’s motor business.

c. The Actuary must recommend premium rates with no cross-subsidies between rating factors. If the Company wishes to quote rates that include an element of cross-subsidisation then a separate report must be submitted to SAMA showing the impacts on the Company’s profitability if it writes business that deviates from the expected distribution by rating factor.

d. If the Company has been writing motor products for more than three complete years, then it must cover all the commissions and expenses it incurs from its premium income. The Actuary must recommend premiums rates that include all expenses, and allow for a profit margin and a contingency margin.

e. If there is a material reduction in any premium rates determined by the Actuary from those currently in force, then consideration should be given to the overall profitability of the company. Premium rates may only be reduced if the company can demonstrate that it will increase its Return on Equity on a reasonable range of assumptions on the Gross Written Premium it will write in the year after the new premium rates come into force.

f. Experience shall be analyzed at the level of the rating factors used by the Company in pricing its risks. Treatment of any cells with insufficient data to be fully credible

و. يُجرى تحليل الاختيار عند مستوى عناصر التصنيف الذي تستخدمه الشركة في تسعير مخاطرها، وينبغي الوصف بشكل كامل لأي
should be described. All premium rates must be considered including all discounts and loads.

g. Full allowance should be made for any changes in policy terms and conditions, distribution methods and commission rates.

h. The Actuary shall define how to Blend Book Rates and Experience Rates for Motor Fleets and Leasing schemes over a defined size. Experience Rates or Burning Costs should be considered over a three year period, if available. The Actuary should specify how Burning Costs are to be determined.

i. The Actuary should consider trends in experience arising from claims cost inflation, increased awareness of insurance of the population, changes in regulations, and any other causes.

j. It should be noted that paragraph (3) of Article (46) of the Implementing Regulations requires that the prices used by each Company should not rely on other Company's pricing. It is not, in general, acceptable to make use of any form of benchmarking other Company's rates or experience in setting premium rates.

k. The Actuary should review the Company's records to determine the extent to which recommended rates in prior pricing exercises were implemented. Comments should be made on the Company's experience and how that would have
Section K: Persistency Report

32. If the Insurance Company writes Savings products, then the Appointed Actuary shall submit an annual Persistency Report to the Company’s Management, Board of Directors and SAMA by the end of the fifth month of the financial year. The report, at the minimum, shall cover the following:

a. The report should separately consider all material long-term regular Protection and Savings products written by the Company.

b. Persistence Rates should be determined on a monthly basis for the first three policy years of the product from inception, and annually for policy years four onwards.

c. Persistence Rates should be determined both by annualized premium and numbers of policies.

d. Persistency Rates should be determined separately by premium frequency.

e. The Period of the Investigation must be stated explicitly.

f. A precise statement of how the Exposure has been determined should be stated.

g. A precise definition of the lapse event considered should be stated.

h. The number of policies and total annualized premiums that are cancelled within the “Free Look” period permitted by Article (26) of the Insurance Market Code of Conduct Regulation should be stated.

i. The report should consider all events that represent a reduction in the policyholders’ commitment to paying the premiums and how can they be measured.

The report should separately consider all material long-term regular Protection and Savings products written by the Company.

b. Persistence Rates should be determined on a monthly basis for the first three policy years of the product from inception, and annually for policy years four onwards.

c. Persistence Rates should be determined both by annualized premium and numbers of policies.

d. Persistency Rates should be determined separately by premium frequency.

e. The Period of the Investigation must be stated explicitly.

f. A precise statement of how the Exposure has been determined should be stated.

g. A precise definition of the lapse event considered should be stated.

h. The number of policies and total annualized premiums that are cancelled within the “Free Look” period permitted by Article (26) of the Insurance Market Code of Conduct Regulation should be stated.

i. The report should consider all events that represent a reduction in the policyholders’ commitment to paying the premiums and how can they be measured.
regular premiums at the initial contracted level. This would include partial surrenders, policy loans, policies being made paid up either through the choice of the policyholder or due to premiums ceasing, and delays in premium payment that might not have been processed by a change in policy status.

Section L: Data and Back-testing Report

33. If the Insurance and/or Reinsurance Company is not pure, then the Appointed Actuary shall submit an annual Data and Back-testing Report to the Company’s Management, Board of Directors and SAMA by the end of the eleventh month of the financial year. The Appointed Actuary shall follow the detailed guidelines that SAMA issues from time to time regarding the contents of the report. The report, at the minimum, shall cover the following:

a. A full description of the data included should be given, noting any deficiencies and describing any validations carried out.

b. Consistency, completeness and accuracy of the data should be addressed.

c. Any adjustments made to the raw data by the Company or the Actuary should be explained.

d. Detailed Reconciliations should be carried out and fully described.

e. Back testing of reserves for all material classes should be carried out using data at the end of the third quarter.

f. Back testing should consider the reserves established at the end of the previous year, and the yearend before that.

ج. إيضاح أي تعديلات أجرتها شركة التأمين أو الإكتواري على البيانات الأولية.

d. يجب إجراء تسوية حسابية تفصيلية ووصفها بشكل كامل.

ه. يجب إجراء اختبار أداء سابق لاحتفاظات جميع الفئات الأساسية باستخدام بيانات نهاية الربع الثالث.

و. يجب أن يأخذ الاختيار الأداء السابق في الاعتبار الاحتفاظات المخصصة في نهاية السنة الماضية، ونهاية السنة التي قبليها.
g. Back testing should also consider the reserves set at the end of the first and second quarters of the current year.

h. The Actuary is not required to fully re-estimate the claims reserves in order to carry out back testing. For short tail classes, in particular, it may be sufficient to consider the claims payments experienced versus those anticipated within the reserves established.

Section N: Termination

34. The role of the Appointed Actuary at the Company shall end in any of the following cases:

a. Resignation or dismissal of the Appointed Actuary in case of an in-house Actuary. In case of a dismissal SAMA shall be notified of the reason(s) for the dismissal.

b. In case of an external Actuary, expiry of contract unless the contract has been extended with the consent of the Company and the Appointed Actuary.

c. Cancellation of the contract during the term of the contract either by the Company or the Appointed Actuary. In either case, SAMA needs to be informed of the cancellation and the reason(s) that triggered it.

d. SAMA notifies the Company to replace the Appointed Actuary if he or she is found to be unfit to undertake his or her responsibilities.

35. The Company shall notify SAMA of the termination of the Appointed Actuary within (5) working days, and shall appoint or hire another Actuary within a period not exceeding sixty (60) calendar days from the date of termination of function of the previous Appointed Actuary.

ن) يجب أن يأخذ أيضاً في الاعتبار الاحتياطيات المخصصة في نهاية الربعين الأول والثاني من السنة الحالية.

ح) لا يُطلب من الإكتواري أن يعيد تقسيم الاحتياطيات المطلوبة بشكل كامل لكني يجري اختبار الأداء. وبالمثلية إلى الفئات محدودة الأثر، تحديداً. قد يُذكر النظر في مدفوعات المطالبات التي أجريت مقابل تلك المتوقعة ضمن الاحتياطيات المقررة.

الفصل M: انتهاء عمل الإكتواري

34) ينتهي عمل الإكتواري المعين لدى الشركة في الحالات الآتية:

أ) استقالة الإكتواري المعين أو إنهاء خدمته في حال ما إذا كان موظفاً لدى الشركة. وفي حالة إنهاء خدمته، يجب إشعار المؤسسة بإشعار ذلك.

ب) في حال ما إذا كان إكتواري خارجيًا. انقضاء عقده ما لم يحدد موافقة الشركة والإكتواري المعين.

ج) إلغاء العقد خلال فترة سريانه إما من جانب الشركة أو من جانب الإكتواري المعين. وفي كلتا الحالتين، ينبغي إشعار المؤسسة بالإلغاء وأسبابه.

د) طلب المؤسسة من الشركة تبديل الإكتواري المعين إذا تبين أنه غير مناسب للقيام بالمسؤوليات المنوطة به.

35) على الشركة إشعار المؤسسة بانتهاء عمل الإكتواري المعين خلال (5) أيام عمل، وعليها تعيين أو التعاقد مع إكتواري بديل خلال مدة لا تزيد على (10) يوماً شاملاً الإجازات من تاريخ انتهاء عمل الإكتواري المعين السابق.

اللائحة التنظيمية للأعمال الإكتوارية لشركات التأمين و/أو إعادة التأمين
**APPENDIX – Fit and Proper Form – Actuarial Appointment**

**Appointment Details**

<table>
<thead>
<tr>
<th>Name of Insurance and/or reinsurance company</th>
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<th>Proposed duration of appointment</th>
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**Personal Details**

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**Employment Details**

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<th>Designation</th>
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**Academic Qualifications**

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<th>Country</th>
<th>Qualification attained</th>
<th>Year attained</th>
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**Professional Qualification(s)**

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<th>Qualification attained</th>
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### Work Experience

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<th>Name of Employer/Client</th>
<th>Country</th>
<th>Nature of Business</th>
<th>Designation and Duties</th>
<th>Duration of Employment/Contract</th>
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### Achievements and special positions held

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### Shareholding(s) with equity interest of 5% or more in any other firm/Company

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<thead>
<tr>
<th>Name of firm/Company</th>
<th>Principal activity of firm/Company</th>
<th>Country of Incorporation</th>
<th>Equity Interest (%)</th>
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### Directorship, partnership, sole proprietorship, or employment currently held in any other firm/Company

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<th>Name of firm/Company</th>
<th>Principal activity of firm/Company</th>
<th>Country of Incorporation</th>
<th>Position Held</th>
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ملحق - نموذج معايير الملاءمة - تعيين أكتواري

معلومات عن التعيين

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<thead>
<tr>
<th>اسم شركة التأمين و/أو إعادة التأمين</th>
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<tr>
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<td>التاريخ المقترح للتعيين</td>
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<tr>
<td>مدة التعيين المقترحة</td>
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<tr>
<td>معلومات شخصية</td>
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<tr>
<td>اسم الإكتواري</td>
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<td>الجنسية</td>
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<td>العمر</td>
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<tr>
<td>رقم الهوية/ الإقامة/ جواز السفر</td>
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معلومات الوظيفية

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<th>اسم الشركة</th>
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<tr>
<td>عنوان العمل</td>
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<td>المنصب</td>
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المؤهلات الأكاديمية

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<thead>
<tr>
<th>السنة الحصول عليها</th>
<th>المؤهلات الحاصلة عليها</th>
<th>البلد</th>
<th>اسم الجامعة/ الكلية</th>
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المؤهلات المهنية

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<th>المؤهلات الحاصل عليها</th>
<th>السنة الحصول عليها</th>
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التخصص (الحماية والإدخار/عام/صحي)

خبرة العمل

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<thead>
<tr>
<th>اسم رب العمل/العمل</th>
<th>البلد</th>
<th>طبيعة العمل</th>
<th>المنصب والمهام</th>
<th>مدة التوظيف/العقد</th>
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الإنجازات والمناصب

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<th>العاصمة</th>
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<th>النشاط الرئيسي للشركة</th>
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مساهمة في رأس مال به% أو أكثر في أي شركة أخرى

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<th>اسم الشركة</th>
<th>النشاط الرئيسي للشركة</th>
<th>بلد التأسيس</th>
<th>حصة الملكية (%)</th>
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تولي منصب مدير، شريكة، ملكية فردية أو موظف حالي في أي شركة أخرى

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