



Date of Approval: 2081/01/04

First Amendment Date: 2082/04/29

**Preamble:** Whereas it is expedient to introduce minimum professional standards across the insurance industry and provide greater clarity over the appointment as well as the role of Actuary, and to allow the actuary to utilize her or his professional skills and judgment in performing product pricing, liability valuation, asset liability analysis and developing the actuarial opinion consistent with relevant actuarial standards of practice.

In exercise of the powers conferred by Section 166 of Insurance Act, 2022 (BS 2079), Nepal Insurance Authority has issued the following guidelines.

## Chapter -1

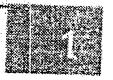
### Preliminary

- 1. Short Title and Commencement:** (1) This Guideline may be cited as "Guideline Related to Actuary Appointment for Insurers, 2024 (BS 2081)".  
(2) This Guideline shall come into force from 1 Shrawan, 2081 B.S.
- 2. Scope:** This Guideline shall apply to life insurers, non-life insurers, re-insurers and micro-insurers licensed by Nepal Insurance Authority when appointing an Actuary and \*Actuarial Analyst.
- 3. Definitions:** In this guideline, unless the context otherwise requires:-
  - (a) "Act" means the Insurance Act, ~~...~~ 2079.

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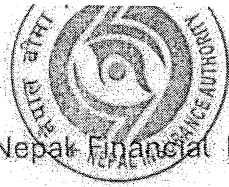
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- (b) #“Actuary” means a person who has obtained the title of an actuary from a recognized institution to perform valuation of assets and liabilities of the insurer.
- (c) #“Appointed Actuary” means a person who meets the eligibility criteria set forth in Section 5 and is appointed or retained in accordance with the requirements set forth in Sections 6 and 7.
- (d) #“Actuarial Analyst” means a person who is working towards the Associateship designation from a recognized Actuarial Association, has exposure to actuarial work, contributes to an organization and who is appointed or retained in accordance with the requirements set forth in Section 24.
- (e) “Associate Actuary” means a person who has completed the professional requirements and attained ‘Associate’ designation from a recognized Actuarial Association that the person is a member of.
- (f) “Authority” means Nepal Insurance Authority registered pursuant to Section 3 of the Act.
- (g) #“Consulting Actuary” means an actuary who may be appointed by insurer for a specific job and for a specified period.
- (h) “Fellow Actuary” means a person who has completed the professional requirements and attained ‘Fellow’ designation from a recognized Actuarial Association that the person is a member of.
- (i) “Insurer” means a corporate body registered pursuant to Section 10 of the Act and the word includes reinsurer and micro insurer unless otherwise explicitly stated.
- (j) “Insurance Policy” means a document of insurance and reinsurance issued to the insured by an insurer accepting any risk.
- (k) “Insured” means a person insuring and the term also includes the person entitled to the benefit arising out of an insurance policy.

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- (l) \* **“NFRS”** means Nepal Financial Reporting Standards issued by the Accounting Standards Board Nepal.
- (m) #**“Peer Review Actuary”** means a fellow actuary from a recognized Actuarial Association who has a higher level of technical knowledge and experience (minimum 3 years post fellowship in relevant practice area) of the actuarial work being peer reviewed.
- (n) **“Professional Standard”** means standards relating to practices, skills, competences, ethics, and/or qualifications issued by a Professional Body representing the respective profession or discipline to its members (i.e. including the Code of Conduct, Continuing Professional Development processes and Disciplinary procedures).
- (o) \* **“Regulation”** means the Insurance Regulation, 2081.
- (p) **“Technical Standard”** means standards relating to practices adopted in calculation and modelling of actuarial work.

## Chapter-2

### **Appointment, Duties and Responsibilities of Appointed Actuary**

4. **Appointment of Appointed Actuary:** An insurer registered to carry on insurance business in Nepal must appoint an actuary, who shall be known as the 'Appointed Actuary'.
5. **Qualification of Appointed Actuary:** (1) A person shall be eligible to be appointed as an Appointed Actuary if she/he: -
- (a) is an active member of the following recognized Actuarial Associations (hereby known as “Actuarial Professional Body”): -
- (i) Institute and Faculty of Actuaries, UK
  - (ii) Institute of Actuaries of India
  - (iii) Society of Actuaries, USA
  - (iv) Casualty Actuarial Society

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- (v) Canadian Institute of Actuaries
- (vi) Institute of Actuaries Australia
- (vii) Other professional bodies of actuaries approved by Authority.

(b) is a Fellow Actuary of an Actuarial Professional Body, satisfying the following requirements in case of a Life Insurer: -

- (i) has at least two (2) years post-fellowship experience in relevant practice area of Life Insurance. Experience in Life Insurance as a Peer Review Actuary or Consulting Actuary or relevant experience of Life Insurance business with Insurance Regulatory Bodies shall also be considered.
- (ii) is not already an Appointed Actuary of any other insurer in Nepal.
- (iii) is not a partner of a partnership firm of actuaries where another partner is already an appointed actuary of another insurer in Nepal.

(c) is a Fellow Actuary of an Actuarial Professional Body, satisfying the following requirements in case of a Reinsurer: -

- (i) #has at least two (2) years post-fellowship experience in relevant practice area of Life Insurance or Non-Life Insurance or Reinsurance. Experience in Life Insurance or Non-Life Insurance or Reinsurance as a Peer Review Actuary or Consulting Actuary or relevant experience of Life Insurance business or Non-Life Insurance business or Reinsurance business with Insurance Regulatory Bodies shall also be considered.
- (ii) is not already an Appointed Actuary of any other insurer in Nepal.
- (iii) is not a partner of a partnership firm of actuaries where another partner is already an appointed actuary of another insurer in Nepal.

(d) is a Fellow Actuary or an Associate Actuary of an Actuarial Professional Body, satisfying the following requirements in case of a Non-Life Insurer, Micro Non-Life Insurer and Micro Life Insurer: -

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- (i) has at least two (2) years post-fellowship experience in case of a Fellow Actuary or has at least five (5) years post-associateship experience in case of an Associate Actuary or has at least three (3) years post-associateship experience for an in-house Associate Actuary position. Work experience needs to be from relevant practice area of non-life insurance for Non-Life Insurer, and life insurance/micro-life insurance experience for Micro-Life Insurer, and non-life insurance/micro non-life insurance experience for Micro Non-Life Insurer. Experience gained also as a Peer Review Actuary or Consulting Actuary or relevant experience with Insurance Regulatory Bodies shall also be considered. In the case of in-house Associate Actuary, the post-associateship experience does not necessarily have to be from the same insurer.
- (ii) #in case of a Fellow Actuary, she/he is not an Appointed Actuary simultaneously for more than two (2) either from non-life insurance companies or micro-life insurance companies in Nepal.
- (iii) in case of an Associate Actuary, she/he is not an Appointed Actuary of any other insurer in Nepal.
- (iv) #in case of Fellow Actuary, partners from same actuarial partnership firm cannot be Appointed Actuary simultaneously for more than two (2) either from non-life insurance companies or micro-life insurance companies in Nepal
- (v) \*In case of Associate Actuary, is not a partner of a partnership firm of actuaries where another partner is already an appointed actuary of another insurer in Nepal.
- (e) must provide service to the insurer in her/his professional capacity and shall provide independent advice.
- (f) #is not an employee of any enterprise inside or outside Nepal.

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- (g) must comply and be up to date with the professional standards and code of conduct promulgated by the Actuarial Professional Body.
- (h) shall meet the relevant continuing professional development required by the Actuarial Professional Body.
- (i) has not been subject to any disciplinary action or is not held guilty within last five (5) years by any Professional Body or disciplinary action is pending, by any Professional Body/ court/ any public authority.
- (j) is not above the age of 75 years and mentally sound.
- (k) has not been declared bankrupt during the last ten years.

\* (2) A Fellow Actuary who is a Nepalese citizen and residing in Nepal, and possesses a minimum of one (1) year of post-fellowship experience in the relevant area of actuarial practice shall be deemed to satisfy the experience requirements set forth under the section 5(b)(i), 5(c)(i), and 5(d)(i).

**6. Documents Required:** (1) Insurer must prepare the following documents before filing for approval of Appointed Actuary: -

- (a) Cover Letter
- (b) Board minute and decision (with inclusion of remuneration amount)
- (c) Professional Standard Self Declaration Form as per Annexure-1
- (d) Certificate of Membership issued by the relevant Actuarial Professional Body
- (e) #Certificate of Practice (COP) / Certificate of Continuing Professional Development (CPD)
- (f) Curriculum Vitae of Actuary
- (g) Work Experience Letter
- (h) Release Letter if she/he was appointed as Appointed Actuary of any insurer in Nepal.

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- (i) No Objection Letter from Partnership firm of the Actuary if she/he is signing as the partner of firm independently.
- (j) Any other related documents as requested by the Authority.

**7. File for Approval: #**(1) An insurer must file for approval to the Authority for the appointment of an Appointed Actuary pursuant to Section 59 of the Act and rule 18 of Insurance Regulation, 2081, submitting the application and documents as per Section 6(1) and in the format as may be specified from time to time.

(2) No insurer shall appoint an Appointed Actuary without getting approval from the Authority.

(3) The application for Appointed Actuary shall be submitted through the actuary management module/system defined by the Authority.

(4) The Authority shall, either accept or reject the same.

(5) An insurer shall submit the actuary appointment letter and copy of contract with actuary within forty-five (45) days of the approval to the Authority.

(6) If the insurer fails to submit the document as per subsection (5), the approval shall be automatically cancelled.

(7) An insurer, who is unable to appoint an Appointed Actuary after approval, shall provide information of same along with reasons to the Authority in writing.

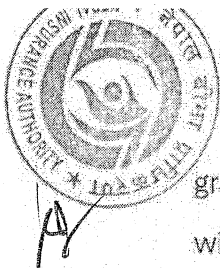
**8. Cessation of Appointment of Appointed Actuary:** (1) An Appointed Actuary shall be given a notice of withdrawal of approval by the Authority on the following grounds:-

(a) that she or he ceases to be eligible in accordance with Section (5) or,

(b) that she or he has, in the opinion of the Authority, failed to perform adequately and properly the duties and obligations of Appointed Actuary under this guideline.

(c) that she or he decides to resign voluntarily from the position.

*# amended by First amendment*



(2) The Authority, after serving a notice to such Appointed Actuary shall grant an opportunity of being heard and thereafter issue appropriate order either withdrawing approval or revocation of the notice issued.

(3) If a person ceases to be an Appointed Actuary of an insurer otherwise than on the grounds mentioned in Section 8 (1), the insurer and the Appointed Actuary shall intimate the Authority the reasons there for within one week of such cessation.

**9. Powers of Appointed Actuary:** (1) An Appointed Actuary shall have access to all such information and documents in possession or under control, of the insurer if the same access is necessary for the proper and effective performance of the functions and duties of the Appointed Actuary.

(2) The Appointed Actuary may seek any information for the purpose of Section 9 (1) from any officer or employee of the insurer. Any information obtained in due process; the Appointed Actuary acknowledges the confidential and proprietary nature of the Confidential Information being received from the insurer and take all reasonable precautions to protect such confidential information.

(3) #The Appointed Actuary shall be entitled to attend, speak and discuss on any matter in meetings of the management including directors' meetings of the insurer and in meetings of the shareholders or the policyholders of the insurer:

(i) that relates to the actuarial advice given to the directors.

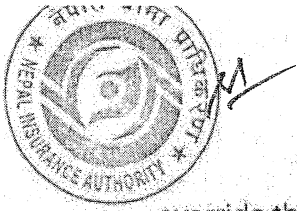
(ii) that may affect the solvency of the insurer.

(iii) that may affect the ability of the insurer to meet the reasonable expectations of policyholders; or

(iv) on which actuarial advice is necessary.

(4) Appointed Actuary shall be entitled to make any statement to insurer, for the purpose of the performance of her or his functions as Appointed Actuary. This is in addition to any other privilege conferred upon an Appointed Actuary under any other Guidelines.

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(5) Appointed Actuary should not have any undue influence of others to override their professional judgement and impact the outcome of the actuarial work.

**10. Duties and Obligations:** (1) In particular, and without prejudice to the generality of the foregoing matters, and in the interests of the insurance industry and the policyholders, the duties, and obligations of an Appointed Actuary of an insurer shall include:

- (a) ensuring that all the requisite records have been made available to her or him for the purpose of conducting actuarial valuation of assets and liabilities of the insurer.
- (b) rendering actuarial advice to the management of the insurer, in the areas of product design and pricing, insurance contract wording, actuarial valuation (including valuation as per Risk Based Capital and Solvency Directive), financial reporting standards prescribed by relevant authority, investments and reinsurance.
- (c) identifying and monitoring the risks associated with the insurer's ability to maintain the solvency at all times.
- (d) reporting those risks to the Board of the insurer where the Appointed Actuary believes that there are material concerns which may adversely affect the solvency of the insurer with recommendations on actions to be taken for rectification of solvency position and informing the Authority if the insurer fails to take necessary steps to rectify the situation.
- (e) drawing the attention of management of the insurer, to any matter on which she or he thinks that action is required to be taken by the insurer to avoid any contravention of the Insurance Act of such a nature that it may affect the interests of the policyholders.
- (f) complying with the Authority's directions from time to time.
- (g) ensuring adequacy of reinsurance or retrocession arrangements.

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- (h) contributing to the effective implementation of the risk management system.
- (i) certifying the actuarial reports and other statutory returns as required.
- (j) rendering actuarial advice in respect of expenses of management of the insurer.
- (k) certifying that the premium rates of insurance products are adequate and fair.
- (l) certifying that the technical provision has been determined in the manner prescribed in the extant provisions of Valuation Directive (including Risk Based Capital and Solvency Directive) and in accordance with the generally acceptable actuarial practice, considering any changes or any additional direction issued by the Authority.
- (m) ensuring the methodologies, assumptions and underlying models used in the calculation of technical provision are appropriate and are in accordance with the generally acceptable actuarial practice.
- (n) details of the methodologies, assumptions, underlying calculations, and including the expert judgement applied and rationale for such judgements used in the derivation of technical provision and pricing should be documented clearly and in sufficient detail and kept as a record by the insurer.
- (o) \*providing actuarial input on the NFRS 17(Insurance Contracts) reporting.
- (p) assessing the sufficiency and quality of the data used in the calculation of technical provision and advising the insurer on the limitation and subsequent impact on the results due to data deficiencies.
- (q) informing the Board of insurers about the reliability and adequacy of technical provision.
- (r) providing actuarial input on the Risk Based Capital Reporting.

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\* added by first amendment



(s) #providing actuarial advice in the interests of the insurance industry and the policyholders.

(t) In addition to the above, the duties of the Appointed Actuary of an insurer carrying on life insurance business shall include: -

(i) complying with the provisions of Bonus Philosophy and recommend interim bonus or bonuses payable by life insurer to policyholders whose policies mature or terminate for payment by reason of death or otherwise during the inter-valuation period.

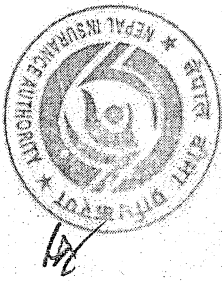
(ii) ensuring that the policyholders' reasonable expectations have been considered in the matter of valuation of liabilities and distribution of surplus to the participating policyholders who are entitled to a share of surplus.

(u) In addition to (a) to (s) above, the duties of the Appointed Actuary of the insurer carrying on reinsurance, non-life insurance or micro non-life business include: -

(i) certifying that claims reserves including reserves for incurred but not reported claims (IBNR) and other reserves (including reserves for incurred but not enough reported claims (IBNER) and premium deficiency reserve (PDR)) have been determined using actuarial principles and in the manner prescribed in the extant provisions of Valuation Directives (including Risk Based Capital and Solvency Directive).

(ii) assessing the sufficiency and quality of the data used in the calculation of reserves for IBNR and other reserves including reserves for IBNER and PDR.

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(iii) informing the Board of Insurers about the reliability and adequacy of reserves for IBNR and other reserves including reserves for IBNER and PDR.

(v) informing the Authority in writing of her or his opinion, within a reasonable time: -

(i) any contravention of the Act or any other acts by the insurer is of such a nature that it may significantly affect the interests of the Policyholders or beneficiaries of policies issued by the insurer.

(ii) whether the directors of the insurer have failed to take such action as is reasonably necessary to enable him or her to exercise his or her duties and obligations under this Guideline.

(iii) whether an officer or employee of the insurer has engaged in conduct in order to prevent him or her exercising his or her duties and obligations under this Guideline.

(w) while carrying out her or his duties and obligations, the Appointed Actuary shall pay due regard to generally accepted actuarial principles and practices.

(x) #the Appointed Actuary shall adhere to all the professional and technical standards as outlined in Chapter 1 Section 2 (n) and (p).

(y) the Appointed Actuary shall inform the Authority of any disciplinary proceedings initiated against her or him by any entity/Professional Body within seven (7) days from the date of such initiation.

**11. Conflict of Interest:** (1) The Appointed Actuary shall function in accordance with this Guideline, and she or he shall not function in any other capacity which could result in conflict of interest in performing her or his role as Appointed Actuary in accordance with this Guideline.

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(2) #The insurer and the Appointed Actuary shall comply with the provisions of Section 11(1) above at all times during her or his tenure as Appointed Actuary.

**12. Obligations of the insurer:** (1) The insurer shall provide adequate resources to the Appointed Actuary.

(2) The insurer shall ensure that different functions of the insurer provide adequate support to the Appointed Actuary in discharging her or his duties and obligations.

(3) Insurer to have actuarial valuation model and pricing model in-house within five (5) years for life insurers and micro-insurers whereas three (3) years for reinsurers and non-life insurers.

### Chapter-3

#### Appointment, Duties and Responsibilities of Peer Review Actuary

**13. Appointment of Peer Review Actuary:** An insurer registered to carry on insurance business in Nepal may appoint a Peer Review Actuary if a need arises to seek independent advice and obtain assurance on the quality of actuarial work.

**14. Qualification of Peer Review Actuary:** (1) A person shall be eligible to be appointed as a Peer Review Actuary if she/he:-

(a) is a Fellow Actuary of the following recognized Actuarial Professional Body:

- (i) Institute and Faculty of Actuaries, UK
- (ii) Institute of Actuaries of India
- (iii) Society of Actuaries, USA
- (iv) Casualty Actuarial Society
- (v) Canadian Institute of Actuaries
- (vi) Institute of Actuaries Australia
- (vii) Other professional bodies of actuaries approved by Authority.

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- (b) #has at least three (3) years post-fellowship experience in relevant practice area.
- (c) she/he must be suitably qualified with a similar (or possibly higher) level of technical knowledge and experience to the person whose work is being peer reviewed.
- (d) peer reviewer of one insurance company cannot be simultaneously working as a Peer Review Actuary of any other insurance company.
- (e) #she/he must comply with requirements as set out in guideline section 5(1e) to 5(1k).
- (f) \*Appointed Actuary of any insurer cannot be working as a Peer Review Actuary of any other insurance company.

**15. Documents Required and File for Approval:** (1) Insurer must prepare the documents as per Section 6 (1) before filing for approval of Peer Review Actuary.

(2) The approval process for the appointment of Peer Review Actuary will follow the requirements set out in Section 7.

**16. Cessation of Peer Review Actuary:** (1) A Peer Review Actuary shall be given a notice of withdrawal of approval by the Authority on the following grounds:

- (a) that she or he ceases to be eligible in accordance with Section 14 or,
- (b) that she or he has, in the opinion of the Authority, failed to perform adequately and properly the duties and obligations of Peer Review Actuary under this guideline.
- (c) that she or he decides to resign voluntarily from the position.

**17. Powers of Peer Review Actuary:** (1) A Peer Review Actuary shall have access to all such information and documents in possession or under control, of the insurer or the person whose work is being peer reviewed or the person(s) for whom the work is being produced, if the same access is necessary for the proper and effective performance of the duties of the Peer Review Actuary.

(2) #The Peer Review Actuary may seek any information for the purpose of Section 17 (1) from any officer or employee of the insurer or the person whose work

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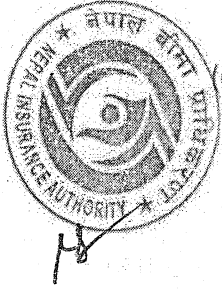
is being peer reviewed. Any information obtained in due process; the Peer Review Actuary acknowledges the confidential and proprietary nature of the confidential information being received from the insurer or from the person whose work is being peer reviewed or the person(s) for whom the work is being produced and take all reasonable precautions to protect such confidential information.

(3) The Peer Review Actuary shall be entitled to make any statement to the insurer or the person(s) to whom the work is being produced or to the person whose work is being peer reviewed, for the purpose of the performance of her or his role.

(4) Peer Review Actuary should not have any undue influence of others to override their professional judgement and impact the outcome of the assurance.

**18. Duties and Obligations of Peer Review Actuary:** (1) The use of peer review might be called upon to provide additional quality assurance of actuarial work in various circumstances such as when the work is significant from a public interest perspective or response to a request from the regulator, and may apply not only to the person for whom the work is produced but may include other person who may be reasonably be expected to use the work. In particular, without prejudice to the generality of the foregoing matters, and in the interests of the insurance industry and the policyholders, the duties and obligations of a Peer Review Actuary shall include: -

- (a) providing assurance whether the quality of actuarial work being peer reviewed is appropriate.
- (b) determining the scope of the peer review, which shall consider purpose of the peer review being conducted; the reasonable expectations of the person(s) for whom the work is being produced; complexity and significance of the piece of work; reliance on other quality assurance controls to the piece of work; and reflect the regulatory context in which the recipient of the work operates.



- (c) should make reasonable judgements about how the peer review process should be applied or the form it should take in any given circumstances and agree the process with the person(s) for whom the work is being produced.
- (d) ensure there is clear understanding of everyone in the peer review process of their relevant roles.
- (e) conduct peer review with appropriate objectivity and impartiality to ensure peer review process is effective.
- (f) before taking on the role, one needs to ensure they are competent and have appropriate skills and experience to take on the role.
- (g) deliver the output of the peer review in line with the agreed scope with the level of details; clearly setting out limitation and the extent to which such limitation has an impact on the results and in the format agreed with the person(s) the work is being produced.
- (h) documenting in detail the approach, expert professional judgement being applied and the outcome or the decisions made including the rationales supporting those decisions.
- (i) the Peer Review Actuary shall inform the Authority of any disciplinary proceedings initiated against her or him by any entity/Professional Body within seven (7) days of the date of such initiation.

**19. Conflict of Interest:** (1) The Peer Review Actuary shall function in accordance with this Guideline, and she or he shall not function in any other capacity which could result in conflict of interest in performing her or his role as Peer Review Actuary in accordance with this Guideline.

(2) The insurer and the Peer Review Actuary shall comply with the provisions of Section 19 (1) above at all times during her or his tenure as a Peer Review Actuary.

(3) The insurer and the Peer Review Actuary shall be responsible for raising any concerns regarding conflict of interest at the first opportunity and discuss on



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How the conflict of interest can be resolved. Where there is an actual or potential conflict of interest situation, for peer review to be effective the Peer Review Actuary must herself or himself be sufficiently independent.

**20. Obligation of Insurers:** (1) The insurer shall provide adequate resources and the necessary context in which the work is being undertaken by Peer Review Actuary to perform her/his duties.

(2) Perform proper due diligence when appointing Peer Review Actuary and ensure compliance with this Guideline.

(3) Ensuring the Peer Review Actuary has the necessary skills and experience to carry out that role, for example, consider whether the individual taking part in the peer review has been involved in actuarial work of a similar nature. There may also be several individuals involved in the peer review process rather than one individual peer reviewer.

(4) Ensure that all of those involved in the peer review process understand their role and what is expected of them.

#### Chapter-4

#### **Appointment, Duties and Responsibilities of Consulting Actuary**

**21. Appointment of Consulting Actuary:** (1) An insurer registered to carry on insurance business in Nepal may procure the service of a Consulting Actuary as and when the need arises.

(2) \*Insurer must prepare the documents as per Section 6 (1) before filing for approval of Consulting Actuary.

(3) \*The approval process for the appointment of Consulting Actuary will follow the requirements set out in Section 7

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22. **Qualification of Consulting Actuary:** Insurer to perform proper due diligence when appointing Consulting Actuary for any assignment and ensure they have the necessary skills and experience to carry out that assignment.

23. **Duties and Obligations of Consulting Actuary:** (1) Provide actuarial service to the insurer in line with the scope of the assignment and while carrying out her or his duties and obligations, the Consulting Actuary shall pay due regard to generally accepted actuarial principles and practices.

(2) Any information obtained from the insurer to complete the assignment; the Consulting Actuary acknowledges the confidential and proprietary nature of the Confidential Information being received from the insurer and take all reasonable precautions to protect such Confidential Information.

(3) The Consulting Actuary shall provide access to any necessary information and documents to Appointed Actuary on statutory related duties if the same access is necessary for the proper and effective performance of the functions and duties of the Appointed Actuary.

(4) The Consulting Actuary shall inform the insurer of any disciplinary proceedings initiated against her or him by any entity/Professional Body within seven (\*7) days from the date of such initiation.

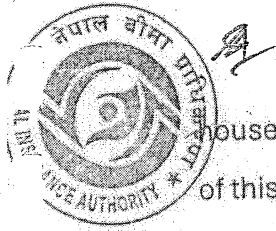
## Chapter-5

### Miscellaneous

24. **Actuarial Analyst Function:** (1) Each insurance company (life/non-life/micro/reinsurers) must have at least one Actuarial Analyst working in any of the actuarial areas. Annexure-II sets out the key types of areas/work that the Actuarial Analyst can be engaged to get exposure to the right type of actuarial work.

(2) The life insurers and the reinsurers shall have to appoint in-house Actuarial Analyst(s) immediately after this Guideline comes into force and the non-life insurers, micro-life insurers and micro non-life insurers shall have to appoint in-

\* added by first amendment



house Actuarial Analyst(s) within the period of six (6) months from the effective date of this Guideline.

(3) A person shall be eligible to be employed as an Actuarial Analyst for an insurer, if she or he has following qualification: -

- (a) bachelor's degree from an accredited university,
- (b) passed at least any three (3) actuarial professional exams (e.g., Actuarial Statistics (CS1) and Actuarial Mathematics (CM1) from the Institute and Faculty of Actuaries (IFoA, UK) or Exam P and Exam FM from the Society of Actuaries (SOA, USA)) or any equivalent exam qualification from any internationally recognized actuarial associations.
- (c) at least of three (3) months' post-graduation work experience in the Nepali insurance industry or consulting firms working in the area of actuarial science.
- (d) working toward gaining Associateship designation from an internationally recognized actuarial association.

(4) #Actuarial Analyst(s) shall provide supplementary declaration on activities perform by him or her to assist the Appointed Actuary in statutory duties as set out in Annexure-III as part of the supplementary declaration.

(5) Notwithstanding the above requirement (4), the responsibilities of the statutory duties related to actual work solely lie with the Appointed Actuary.

(6) The Actuarial Analyst(s) are to have direct contact with the Appointed Actuary of the insurer.

(7) The insurer needs to ensure that the Appointed Actuary provides adequate on-the job training to the Actuarial Analyst(s) in relevant tasks. At least 10 hours of training to Actuarial Analyst(s) on each key task. This training will be counted as the Personal and Professional Development (PPD) credits for the Actuarial Analyst(s). The following four (4) competencies must also be fulfilled:

- (a) present the results of actuarial work to informed but non-technical audiences;

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*# amended by First amendment*



- (b) analyze and prioritize stakeholder needs when designing solutions;
- (c) demonstrate an understanding of the role of professional and ethical standards in an actuary's work; and
- (d) demonstrate an understanding of the role of peer review in professional work.

(8) Actuarial analyst(s) to provide a summary of their tasks and learnings from being involved in relevant areas in the form of a work log to be submitted to the personnel that they report to. The Authority shall have the right to randomly check this work log. This will particularly be applicable during statutory valuation and product pricing and the work log to be certified by the Appointed Actuary. This can be linked to their continuous learning/ PPD requirements. The template for the worklog is set out in Annexure-IV.

(9) The Appointed Actuary is required to provide constructive feedback on the quality of the work produced by the Actuarial Analyst(s) and this will be part of the company's performance appraisal of the Actuarial Analyst(s).

(10) #It is the responsibility of the Actuarial Analyst(s) to comply with the professional code of conduct as set by the Actuarial Professional Body.

**25. Right to Amend:** This Guideline can be amended by the Board of Authority while the annexures can be amended by the Chairman of Authority.

*# amended by First amendment*



Annexure-I

#Related to Section 6(1) of this Guideline.

**Professional Standard Self Declaration Form**

Appointed Actuary/ Peer Review Actuary/ Consulting Actuary ("Candidate") is required to complete and sign Item 1 to 20 ("Professional Qualification and Experience Self Declaration"). The Chief Executive Officer (CEO) of the Insurer shall complete and sign Item 21 ("Certification from the CEO of the Insurer")

Please note that the Authority shall have the right to request further information or documentation on a case-by-case basis. The Authority shall also have the right to take necessary action against the candidate or the insurer in case any false information is furnished or any new information comes to light which might question the quality of the work being produced by the candidate.

Professional Qualification and Experience Self Declaration by Actuary		
Item	Particular	Responses
1	Name of Insurer	
2	Name of Actuary ("Candidate")	
3	State the capacity or role under which the Candidate plans to engage with the Insurer (e.g. Appointed Actuary or Peer Review Actuary or *Consulting Actuary)	
4	State the attained professional designation(s) (e.g. FIA, FIAI, FSA)	
5	Name of the Professional Body and designation that will be used by the Candidate to sign the necessary documents/ provide professional expert opinion as part of the engagement with the Insurer.	
6	Name of the Actuarial Profession Body which granted the Candidate the latest membership designation (by examination) along with the  (a) designation attained	

# amended by First amendment \* added by first amendment



	<p>(b) membership number</p> <p>(c) date of designation attained</p> <p>(d) Certificate of Practice (COP) number and latest validity period (if applicable)</p> <p>(e) Practice Area(s) covered by the COP</p>	
7	<p>Name of the Actuarial Professional Body which granted the Candidate the latest membership designation (by reciprocity), along with the</p> <p>(a) designation attained</p> <p>(b) membership number</p> <p>(c) date of designation attained</p> <p>(d) certificate of practice (COP) number and latest validity period (if applicable)</p> <p>(e) practice Area(s) covered by the COP</p>	
8	<p>If the Candidate has discontinued her/his membership with an Actuarial Professional Body at the time of engagement, state the name of the Actuarial Professional Body, the period or period (giving dates) during which the Applicant is not a member, and reasons for discontinuance.</p>	
9	<p>State the names of other (re)insurance companies (if any) in Nepal that the Applicant is currently engaged with and please specify under which capacity.</p>	
10	<p>Is the Applicant Independent Actuary?</p>	
11	<p>Is the Applicant employee of an insurance company? If yes, please give details of the employer.</p>	
12	<p>Name and address of Partnership Firm(s), and names of the partners of the firm (each firm), if the applicant is the partner of firm or firms of actuaries.</p>	
13	<p>Official Address with an email, mobile and telephone numbers.</p>	



14	Complete Age on the date of the application.	
15	Shareholding (in percentage of shareholding) in the Insurer (for which it is currently engaging) and in the promoters' companies, if any	
16	Number of completed years of experience in the Practice Area (life/non-life/reinsurance companies) that you are currently applying for (give also particulars of previous experience as Appointed Actuary in Nepal or elsewhere).  Also, have you provided the necessary documentation? Please state [Yes/No]	
17	Has the Applicant resigned as appointed actuary of any insurer in Nepal? If yes, please give reasons.	
18	Has the Applicant been adjudicated bankrupt during the last ten years? If so, give details:	
19	Has any professional body or any insurance regulator warned or reprimanded the Applicant? If so, please give details:	
20	I, <b>[Name of Actuary]</b> , hereby certify that: a) the information given above is complete, true and correct; b) I have complied with the Professional Standard Practices, Professional Code of Conduct/ the Code of Professional Conduct and Ethics, and any regulatory requirements as specified by <b>[Name of the Actuarial Professional Body]</b> that I am still an active member of; c) the COP is still valid as per the terms and conditions of <b>[Name of the Actuarial Professional Body]</b> (if applicable); d) I have not been warned/ reprimanded/ held guilty of professional misconduct by any professional body or court or any insurance regulatory bodies; e) I have met the additional requirements set by Nepal Insurance Authority to take up the role as <b>[state the capacity/role]</b> ; f) I do not and will not have any conflict of interest while taking up this	



new role and for the duration of the engagement with *[Name of the Insurer]*;

e) I will be in compliant with the professional standard and practices of my professional body during the engagement with *[Name of the Insurer]*.

\*I understand that the Authority reserves the right to take appropriate action if any information furnished in this application is found to be false or incorrect.

Signature of the Candidate:

Date:

**Certification from the CEO of the Insurer**

I, *[Name of the CEO]* of *[Name of the Insurer]*, hereby certify that I have done proper due diligence with regards to the selection and appointment of the *[Appointed Actuary/Peer Review Actuary]* regarding her/his candidature. I also enclose the Board Resolution to this effect.

Counter signed by the CEO of the Insurer:

21

With seal of the company.

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\* added by first amendment



Annexure II

Related to Section 24(1) of this Guideline

**Key Areas of Work for Actuarial Analyst**

Key Areas of Work (not a complete list).

- Data: Analysis and Auditing
- Product Development: Underwriting, Market Research and Product Research
- Product Pricing and Profit testing
- Sensitivity Testing
- Statutory Actuarial Valuation (including Risk-Based Capital)
- Experience Analysis (e.g., mortality, expense, lapses, claims)
- Profitability Analysis (e.g., Embedded Value)
- Risk management (including ORSA process)
- Investment (Asset Liability Management, Liquidity Analysis)
- Reinsurance
- \*NFRS 17

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<sup>2</sup> added by first amendment

Annexure III

Related to Section 24(4) of this Guideline



**Statement of Declaration [To be completed]**

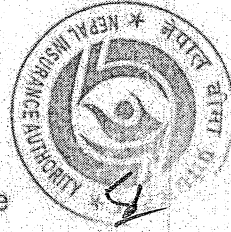
I, [Name of the Actuarial Analyst], hereby certify that I have assisted the Appointed Actuary of [Name of the Insurer] in performing her/his statutory duties in completing the [Description of statutory duties (e.g. actuarial valuation/product pricing)] in my capacity as an Actuarial Analyst by conducting the following tasks [please provide brief description of the tasks].

Signature of the Actuarial Analyst:

Date:

Annexure IV

Related to Section 24(8) of this Guideline



**Template of the Work Log**

Name of Actuarial Analyst:

Actuarial professional body that the Actuarial Analyst is a member of:

Number of professional exams passed:

Number of years worked at the Insurer:

For each key task, the following details to be provided:	
1	A description of the task or activity
2	#The date(s) when that activity was carried out
3	Engagement period on the task or activity (in months)
4	On what capacity was the task carried out (e.g. doer/checker/reviewer)
5	A detailed learning outcome
6	Please state the outcome following your discussion on this task with the personnel that you report to.
7	#Certification and Feedback by the Appointed Actuary

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*# amended by First amendment*

