

# Saudi Arabian Monetary Agency

Head Office

## Insurance Supervision Department

No: ٥٠١٤.٣/٣٨/م.ع.ت

Date: ٥١٤٣٥/٥/٢٥

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## Circular

**CEO / General Manager  
Company**

### Subject: Underwriting Practices

SAMA has noticed alarming market practices in underwriting, especially for medical expenses and motor insurance, which are not in line with international practice, and are damaging the functioning of the market; these practices are:

- Insurance companies are prepared to quote for schemes without enough claims experience being provided.
- Premium rates being guaranteed for periods in excess of one year for medical expenses and motor insurance.
- Insurance companies are managing insurance claims (e.g. medical expenses) without taking on the risk. Under this type of arrangement, the risk is not covered/shouldered by the insurance company, but the company administers the insurance claims of the client, and is acting purely as a TPA.

SAMA introduced requirements for insurance companies to obtain and submit actuarial pricing reports for medical expenses and motor businesses late in 2012 and to be implemented starting from 1 January 2013 for medical expenses insurance business and from 1 April 2013 for motor insurance business. The submitted actuarial medical and motor pricing reports should be updated to fully take into account the recent claims experience of insurance companies.

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This letter (Circular) details SAMA's instructions with respect to the above mentioned issues.

### 1. Claims Experience Requirements

#### 1.1 Underwriting

No insurance company should ever provide a quotation without having adequate underwriting information on which to scientifically determine the premium rates appropriate for policy terms & conditions offered.

The following requirements must be adhered to in all circumstances:

- During 2014, quotations may only be provided if at least one or more years' claims experience is provided.
- During 2015, quotations may only be provided if at least two or more years' claims experience is provided.
- From 2016 onwards, quotations may only be provided if at least 3 or more years' claims experience is provided.
- If a risk is entirely new, the insurance company may only quote the book rates, which have been submitted to SAMA. The insurance company is not allowed to apply any discounts to these rates.
- If the risk has been in existence for less than 3 years from 2016, or 2 years from 2015, then the insurance company may quote provided they receive full claims experience for the time the risk has been in existence.
- No insurance company is allowed to provide any quotation for medical expenses or motor business unless it has received claims experience as above.
- An insurance company can provide a quotation as illustration only based on the information provided to it. However, the insurance company must amend the quotation based on full underwriting data. It may not issue a policy on quoted rates until it has full data to provide an accurate quotation. Under no circumstances may an insurance company provide actual rates, unless it has sufficient data subdivided according to the rating factors it will adopt in its underwriting manual.

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- For medical expenses insurance full demographic data must be provided before any quotation may be provided.

### 1.2 Nature of the Claims Experience to be Required

Insurance companies must require that the claims experience consists, at a minimum, of the following:

- Number of claims paid by policy year
- Amount of claims paid by policy year
- Numbers of claims reported but not yet settled by policy year
- Claim amount of claims reported but not yet settled by policy year
- Deductible or excess applied for each policy year.
- The date the claims data was provided and the precise period of the claims experience.
- The provided data for the in-force policy year should represent enough claims experience for the policy within six months before the renewal date (i.e. at least 6 months claims paid).

For motor insurance:

- Information should be provided as to how depreciation provision is applied when settling a claim for comprehensive coverage.
- The amounts should be net of any allowance for salvage and/or subrogation for motor claims.
- The number of vehicles covered at each renewal date and at the date of the claims data should be provided for fleet or leasing schemes.

For medical expenses insurance:

- The number of lives covered at each renewal date, and at the date the claims data should be provided and separated by age, gender and employee or dependent status.
- The amounts should be the actual ones payable to the medical service providers at the time of the claim, and therefore gross of any bulk discount applied in arrears for medical expenses claims.

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It should be noted that all claims dates referred to in this Circular are accident or treatment dates. For the definitions of the terminology mentioned in this Circular with respect to the claims experience, please refer to the Financial Reporting Forms – Guidelines published by SAMA.

The insurance industry has proposed that it should develop a standardised form to ensure that the claims experience data provided is consistent across all insurers. SAMA has no objection to any standard form being developed, but the above information must be used to provide from the effective date of this Circular, whether or not a standard form has been agreed by then.

### 1.3 Responsibility for Providing Claims Experience

The key relationship is between the policyholder and the insurance company. SAMA requires that the insurance company provides the policyholder, upon his written request or his representative's written request (i.e. broker), within 15 working days of making the request with sufficient and accurate information of his claims experience. It is the responsibility of the policyholder to provide the insurance company with sufficient and accurate information for it to price and underwrite the risk it is taking on.

Where the insurance company outsources its claims administration to a TPA, then the TPA is required to provide the data requested to the insurance company within 10 working days of its request.

The claims experience report issued by either the insurance company or its TPA must be stamped & signed by the authorised person and the report must be printed on the issuer heading letters (insurance company or its TPA).

After receiving the claims experience, the policyholder should review the report and confirm in writing that he reviewed it and that all information included within the report is accurate to the best of his knowledge.

With respect to the personal lines of the business, the insurance company is not required to obtain the policyholder's claims experience in a report format from policyholder or the existing insurance company; instead the insurance company

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should ensure that its proposal form asks about all material facts including the policyholder's claims experience.

If it is found that inaccurate claims experience was provided then the insurance company should have the right to review the premium rate charged, and take appropriate actions. These could include adjusting the premium, or requiring that any commission paid to the broker be refunded if due to broker misrepresentation or non-disclosure.

In extreme circumstances where evidence has been obtained that claims data provided to the insurance company in order to quote was misstated with fraudulent intent, then the insurance company may cancel the policy and take the proper actions against the parties who are responsible for that.

### 1.4 Role of Brokers

A broker may collect the claims experience and provide it to the insurance company. It should be noted that brokers must act on behalf of the policyholder and conduct their business according to professional and ethical standards and as per the applicable laws and regulation, including the provisions of the Implementing Regulations of the Law on Supervision of Co-operative Insurance Companies, Insurance Intermediaries Regulation, Market Code of Conduct Regulation and Regulation of Reinsurance Activities Regulation.

Using a broker to collect this data does not in any way reduce the responsibility of the policyholder to ensure that accurate information is provided to the insurance company.

### 1.5 Pricing of Group Medical or Motor Fleet/Leasing Risks

Insurance companies should comply with the following instructions when applying the claims experience:

1. Apply an experience rating approach for group or fleet/leasing risks, and must supply a fully justified credibility formula set out and signed off by the company's Appointed Actuary.

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2. A form or Excel spreadsheet should be produced which ensures that the pricing mechanism adopted complies with the credibility formula that is signed off by the company's Appointed Actuary. A copy of the form or Excel spreadsheet should be provided to SAMA.
3. The Appointed Actuary should determine the annual increase in the burning costs allowing for claims trends, inflation to be built in the credibility formula calculation mechanism.
4. The Appointed Actuary's pricing report should specify the size of schemes for which this blended pricing approach must be adopted. It must define the size of smaller schemes where book rates should be used.
5. The insurance company may request that its Appointed Actuary assist with individual quotations for a particular scheme if it considers that there are reasons why the scheme falls outside the standard pricing process. All such individual quotations must be fully documented, auditable, and made available to SAMA on request. The Appointed Actuary should ensure that these individual quotations fall outside the standard pricing process before providing his/her recommendation, and he/she may be held liable if he/she quotes rates for individual schemes which are later shown to be too low resulting in losses to the company.

## 2. Premium Rate Guarantees

It is not permitted for any insurance company to enter into any arrangement with any insured for a period in excess of one year for medical expenses insurance or for motor insurance with rates guaranteed for more than one year. Policyholders can choose to renew their annual policy with the same insurance company, but this must be on terms negotiated and agreed at renewal.

## 3. Insurance Companies Acting as Third Party Administrator (TPA'S)

SAMA noticed that there are some insurance companies manage insurance expenses claims (e.g. medical costs) without taking on the risk. Under this type

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of arrangement, the risk is not covered/shouldered by the insurance company, but the company administers the insurance claims of the client. This service represents claims administration services, or acting as a TPA, without bearing the insurance risk, which insurance companies are not licensed to do.

Article 3-2 of the Law On Supervision of Cooperative Insurance Companies does not permit insurance companies to carry out any activities other than insurance. Insurance companies are not allowed to provide claims administration services without bearing insurance risk, and insurance companies should comply with this instruction by 1 July 2014 if they do have any agreement in place.

#### 4. Medical & Motor Pricing Report

SAMA is requiring all insurance companies to provide a full actuarial pricing update for medical and motor products on at least an annual basis, and will consider requiring more frequent updates if necessary.

SAMA requires all companies approved to sell medical or motor products to provide full updated reports as follows:

- 1) Medical, by 1 June 2014
- 2) Motor, by 1 July 2014

For any medical/motor pricing reports, the Appointed Actuary must use up to date complete data to determine the premium rates. The data used in the report must be up to date when the report is submitted to SAMA. Specifically if a report is submitted between:

- 1) 1 March to 31 May: it must use complete data up to at least 31 December of the previous year.
- 2) 1 June to 31 August: it must use complete data up to at least 31 March of the same year

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- 3) 1 September to 30 November: it must use complete data up to at least 30 June of the same year.
- 4) 1 December to 31 December: it must use complete data up to at least 30 September of the same year.
- 5) 1 January to 28 February: it must use complete data up to at least 30 September of the previous year.

Medical/Motor products approval may be withdrawn if the updated actuarial pricing reports are not submitted or are not compliant with SAMA's instructions.

The insurance company's Appointed Actuary should prepare the medical and motor pricing reports that are to be submitted to SAMA unless the insurance company has obtained SAMA's no objection to ask another actuary to prepare the pricing reports at least three months before the date of the actuarial report submission. It should be noted that SAMA will only allow another actuary to be used only if it is justified, and SAMA will require a report to be submitted from the Appointed Actuary in addition to those prepared by the other actuary. It should be noted that there are no restrictions on the preparation of technical or actuarial reports that are not submitted to SAMA.

The insurance company should note that it is acceptable to provide partial submissions to SAMA from the Appointed Actuary in respect of

- a. Revisions to credibility formula
- b. Changes to recommended loadings
- c. Pricing of a single product within the medical or motor class

The insurance company may seek SAMA's approval to submit partial pricing submissions from the Appointed Actuary in other circumstances.



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SAMA's written no objection is needed before any actuarial pricing report or partial submission is implemented. It is, however, always acceptable to charge higher premium rates than those determined by the Appointed Actuary, subject to such rates being fully documented and justified and in line with Article (46) of Implementing Regulations.

It should be noted that there is no requirement for the company to submit any actuarial pricing report to SAMA unless required by this Circular, or the company wishes to amend its rating structure.

If the company makes any material alteration in its reinsurance arrangements for medical or motor insurance, then it must consult with its Appointed Actuary to determine whether the recommended loadings in the premium rates remain adequate, and must amend its rates as appropriate.

Minimal Requirements And Considerations For The Medical And Motor Pricing Reports must be followed in all subsequent reports. These are set out in an Appendix to this Circular.

It should be noted that the Appointed Actuary must recommend premium rates with no cross subsidies between the rating factors, in line with Article 46 of the Implementing Regulations. However if, for competitive purposes, the company wishes to charge rates which have some element of cross-subsidisation, then it may ask the Appointed Actuary to prepare an additional report setting out the risks of applying the cross-subsidies, based on expected portfolios of business written which may not be too dissimilar to the in-force portfolio. SAMA will review the cross-subsidy report separately.

The company should submit a corresponding underwriting manual, rating structure and premium rates that meet the Minimal Requirements And Considerations For The Medical And Motor Pricing Reports. The rating structure and premium rates should be in Excel spreadsheet format.

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The Appointed Actuary is responsible to ensure a comprehensive and concise report is provided to SAMA as to minimize the extent of required follow-up queries from SAMA.

In addition, the Appointed Actuary must prepare a short summary document highlighting his key findings for each actuarial pricing report. This should be no more than 5 pages in length, and should be submitted to the Board of Directors of the company as a Board paper within five working days of the Appointed Actuary's submission, with the Appointed Actuary's full report being an appendix to the Board paper.

The actuarial pricing reports submitted to SAMA cannot be preliminary or initial and are required to be the final reports. The reports should clearly summarize and compare the Company's current premium rates (loads and discounts) and the new premium rates (loads and discounts) calculated by the Appointed Actuary.

### 5. Compliance

A copy of this Circular should be passed to the Company's Board of Directors, Audit Committee, Internal Auditors, Risk Management officers, Compliance Officer, Appointed Actuary and External Auditors.

The Appointed Actuary must prepare a short summary document highlighting the key recommendations of the pricing report. This should be submitted to the internal control functions (internal audit, risk management, and compliance functions) with the pricing report submission. The purpose of this document is to ensure that:

- The internal control functions understand the Appointed Actuary's recommendations.
- There are internal controls in place to ensure the company is following the Appointed Actuary's recommendations.
- The internal control functions, set up a meeting with the Appointed Actuary to understand his/her recommendations and how to ensure that the company is following his/her recommendations.

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The compliance function should report to SAMA any material lack of compliance with SAMA's instructions. This should be based on the reports of the Internal Audit function and the Risk Management function, and should include an action plan for addressing the key issues identified.

The Internal Audit function should carry out a continuous audit, at least on quarterly basis, of the underwriting function to assess compliance with company's internal procedure and guidelines as defined in the underwriting manual submitted to SAMA.

The Risk Management function should carry out quarterly assessment of the underwriting risks, and recommend improvements to processes, and address any other weaknesses which should be improved such as any need for additional training of underwriting staff.

The internal control functions (internal audit, risk management, and compliance functions) should provide the Audit Committee on a quarterly basis with a report on their findings and suggested corrective actions. Moreover, on quarterly basis the compliance function should provide SAMA with a copy of the minutes of the Audit Committee meeting in which the report was discussed. The minutes should summarize the findings and any corrective action that should be taken by the company.

### **6. Implementation of New Rates**

Any proposed premium rate increases may be introduced on a File & Use basis, which means the insurance company files the new actuarial report with SAMA and implements the new proposed premium rate, subject to such rates being in line with Article (46) of the Implementing Regulations. However, all premium rate reductions may only be implemented subject to receiving a no objection letter from SAMA.

Any other changes in the premium rating basis that do not clearly represent an increase in the rates to be charged may also only be implemented once SAMA has issued a no objection letter to the company.

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Insurance companies should not expect to be able to implement any proposed rate reductions until at least 3 months after they have submitted the report to SAMA, and should not expect any response from SAMA within 2 months.

Where the Appointed Actuary, who has prepared the pricing report is different from the Actuary who prepared the previous pricing report which was accepted by SAMA, then the company should not expect to be able to implement any proposed rate reductions for at least 4 months, after they have submitted the report to SAMA, and should not expect any response from SAMA within 3 months.

### 7. Regulatory Action For Non Compliance

It should be noted that if an insurance company, broker, insurance agent or insurance claims settlement specialist (third party administrator) is not in compliance with this Circular, SAMA will take the regulatory/legal actions as stipulated in the Law on Supervision of Co-operative Insurance Companies and its Implementing Regulations.

Thus, SAMA instructs the insurance company to do the following:

1. Provide SAMA with the updated underwriting manuals, which reflects the instructions stated in Sections 1, 2, 3 and 4 of this Circular, for medical expenses and motor insurance. These should be provided with the actuarial pricing reports.
2. Provide SAMA with an unprotected soft copy of the Excel spreadsheets that set out the blended credibility approach that the insurance company is going to adopt to price group medical expenses and fleet/leasing motor risks which are in compliance with instructions stated in this Circular. These should be provided with the actuarial pricing reports.
3. Immediately provide insurance company's employees who are in charge of underwriting with a copy of this Circular.

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4. The requirements set out in Section 1 of this Circular will be effective from 1 April 2014.
5. The requirements set out in Section 2 of this Circular will be effective immediately.
6. The requirements set out in Sections 3 of this Circular will be effective from 1 July 2014.
7. The requirements set out in Section 4 of this Circular will be effective as detailed in Section 4.
8. Provide confirmation from the insurance company's CEO/GM within seven days of the date of this Circular of adherence to the instructions stated in this Circular.
9. Copies of this Circular should be provided to the full Board of Directors of the company. Minutes of the Board meeting on the adherence to the requirements set out in this Circular should be provided to SAMA within 90 days of the date of this Circular.
10. SAMA requires that the Appointed Actuary attends Board Meetings to present his Board Pricing papers, and take questions on his full pricing reports. The company should provide minutes of the relevant Board meetings to SAMA, and copies of the Appointed Actuary's Board papers within 10 business days of the meeting.

رئيس

Yours sincerely,

  
**Abdulaziz Al-Helaissi**  
**Deputy Governor for Supervision**

To:

- Insurance Companies
- Insurance Brokers
- Insurance Agents
- Insurance Claims Settlement Specialist (Third Party Administrators)
- Actuaries

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## Appendix - Minimal Requirements And Considerations For The Medical And Motor Pricing Reports

### Summary

It should be noted that whilst these instructions have largely been issued in previous SAMA letters, there are some minor updates, and the Appointed Actuary should comply with the instructions below.

### Professional Guidance

The report shall comply with relevant guidance and standards issued by actuarial societies such as the Institute and Faculty of Actuaries in the UK, the American Academy of Actuaries in the US, the Canadian Institute of Actuaries or the Australian Institute of Actuaries. Reports must state which Guidance they are complying with.

SAMA requires that the following professional standards be followed:

- 1) *Knowledge and Experience* – An actuary shall perform professional services only if the actuary is competent and appropriately experienced to do so.
- 2) *Values and Behaviour* – An actuary shall act honestly, with integrity and competence, and in a manner that fulfills the professions responsibility to the public and upholds the reputation of the actuarial profession.
- 3) *Professional Accountability* – An actuary shall be accountable to a professional actuarial association, or similar professional oversight organization.

The actuarial pricing reports should contain dates of all prior reports produced by the Appointed Actuary in relation to the specific company. The Appointed Actuary should also comment on all related reports from other actuaries that

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were produced for the specific Company. If the prior actuarial reports were not reviewed or considered, reasons should be provided for the lack of such review. Material changes to the methodology and assumptions should be summarized and highlighted, and the reasons for such changes should be explained.

### Data

The Appointed Actuary should use available data that in the Appointed Actuary's professional judgment allow the desired analysis to be performed. Known material data limitations should be disclosed and their implications discussed.

A full description of the data used in the pricing analysis should be included in the report, noting any deficiencies, and fully describing all data validations carried out.

Data quality issues generally fall into three categories:

- Consistency – i.e. whether data is consistent and collected in a standard format;
- Completeness – i.e. an assessment of data thoroughness, taking into consideration the importance of missing data (e.g. is data missing for large limit/high hazard locations); and
- Accuracy – i.e. an assessment of data correctness.

Details of validation checks should be provided.

The precise period of investigation that the data is derived from must be stated. Data used should be as up to date as possible. A reasonable check should be carried out against the data used in the most recent prior report. Any adjustments or filtering of the raw data should be explained. An attempt should be made to measure the impact of such adjustment. If the Appointed Actuary decides that to perform a data review is not appropriate, the report should

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indicate that such a review has not be carried out (and why) and should disclose any resulting limitation on the use of the actuarial work product.

It should be noted that it is not acceptable to exclude any schemes with poor claims histories from the analysis without SAMA's explicit permission, which will only be granted only if it is justified.

### Consistency with Reserving

All analysis shall make an appropriate and fully justified allowance for IBNR and IBNER. The IBNR & IBNER's used in pricing shall be determined in a consistent manner with the actuarial estimate of the Company reserves, unless any differences in approach are fully explained and justified. However, detailed reserving calculations will not normally be required.

### Risk Rates Analysis

The Company's experience shall be analysed at the level of the rating factors adopted by the Company in pricing its risks. If the Appointed Actuary's review of the data and experience indicates that other rating factors should be considered and reviewed for the Company's underwriting and pricing, the report should contain the relevant analysis and comments.

The treatment of any cells which have insufficient data to be fully credible should be described.

All premium rates used by the company within its pricing must be considered by Appointed Actuary. The Appointed Actuary should comment on proposed deviations from filed rates, and also on all credits/discounts and loads in the rating programme.

### Changes in product terms, distribution methods, commission terms

Full allowance should be made for any changes in areas such as:

- Policy terms and Conditions



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- Distribution Methods such as changes in the proportion of business written through different channels
- Commission rates payable

### Blending Book Rates with Experience for Larger Schemes

The Appointed Actuary should define the minimum size of a scheme where book rates shall be blended with the claims experience of the scheme itself (the Burning Cost).

The Company must apply an experience rating approach for group medical and fleet/leasing motor risks over the size defined by the Appointed Actuary, and a fully justified credibility formula should be set out and signed off by the Appointed Actuary.

This approach should take into account burning costs over a three year period, where available, and the Appointed Actuary should specify in detail how burning costs are to be calculated.

An Excel spreadsheet should be produced which ensures that the pricing mechanism adopted complies with the formula.

The Appointed Actuary should note that SAMA imposes no restrictions on his/her choice of rating factors. It is permissible to use the size of scheme as a rating factor if there is adequate data to support it.

However, it is not permissible to use arbitrary discounts for large schemes without analysis of the experience.

The report should include a list and comments on:

- The 10 largest policies (by premium volume) for the most recent completed 3 policy periods and their premium and losses (paid and incurred).

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- The 5 worst performing policies (by loss ratio) for the most recent completed 3 policy periods and their premium and losses (paid and incurred).
- The 5 best performing policies (by loss ratio) for the most recent completed 3 policy periods and their premium and losses (paid and incurred).

### Trends

The Appointed Actuary should consider any trends in underlying experience both in the determination of personal lines rates, and in setting rating mechanism for group medical and fleet/leasing motor risks.

Examples of trends to be considered are:

- Claims cost inflation
- Changes in claims costs as result of increased awareness of insurance in the population.
- Changes in regulations

As well as trends over a period, the Appointed Actuary may need to consider the impact of seasonality on claims experience within each year.

### Loadings

An allowance for expenses shall be made at a level which is consistent with the Company's expenses experienced in the last two years. Significant deviations from actual experience should be fully justified. The exact source of the expense components used in the calculations should be referenced.

### Benchmarking

It should be noted that Article 46(3) of the Implementing Regulations states that the prices used by each company should not rely upon other Company's pricing.

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SAMA has accepted the use of Benchmarks in the first pricing round, and will continue to accept their use where the company's own data is insufficient.

However SAMA's expectation is that Appointed Actuary's will seek to comply with this legal requirement as soon as is practical, and it expects that the use of benchmarks will be phased out over time as the company has more of its own data to derive prices.

### Use Requirements

The Company must make use of the premium rates determined by the Appointed Actuary.

All premiums charged by the Company must be at least those set out by the Appointed Actuary, unless explicit permission has been obtained from SAMA.

This explicit permission to vary from the Appointed Actuary's premium rates may follow from SAMA's approval of the separate cross-subsidisation report prepared by the Appointed Actuary or any partial submissions from the Appointed Actuary in respect of

- a. Revisions to credibility formula
- b. Changes to recommended loadings
- c. Pricing of a single product within the medical or motor class

### Compliance with the Prior Actuarial Pricing Reports

The Appointed Actuary should review the company's records to determine the extent to which the recommended minimum rates were, in fact, implemented, and report on the same in the pricing report, and determine any impact on the company's performance as a result of this variation.

The Appointed Actuary should comment on the actual experience of the company since the previous report, and if applicable how that experience would have changed if the company had fully implemented the pricing basis recommended by the Appointed Actuary at the last pricing date.

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In order to investigate the compliance with the experience rating basis recommended, the Appointed Actuary should take samples of the top five groups/fleets by premium income from the insurance company's portfolio and derive the experienced-rated premium rate. This can then be compared with the actual rate charged for each of the top five groups.

The Appointed Actuary is required to provide with his pricing report an Excel workbook to validate compliance with previous submitted pricing reports. The Excel workbook provided by SAMA ("ComplianceWithActuarialRates.xlsx") can be used to validate compliance for medical business, and modified to be applicable for motor business. The insurance company should provide SAMA with copies of Excel workbooks.

### Other components of the report

The reports should be a comprehensive analysis of the Company's most recent experience. The report should be clear and comprehensive so that another experienced Appointed Actuary can follow the report and come to a conclusion. Examples of other components to be analysed and commented on are:

- > 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 on the total premium for the Company's motor book of business.
- > Assumptions should be explained and the reason for their selection provided. If they rely on an external source, that source should be provided.
- > Other actuaries who worked on the report should be identified. The process of peer review of the report should be explained and the peer reviewer of the report identified.

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- > The specific proposed effective date of the filed rates should be presented.
- > Material judgmental adjustments or assumptions that the Appointed Actuary applied to the data or are known by the Appointed Actuary to have been applied to the data.
- > Limitations on the use of the actuarial work product due to uncertainty about the quality of the data.
- > Any unresolved concerns the Appointed Actuary may have about the data that could have a material effect on the actuarial report.
- > Considerations of cautions regarding possible uncertainty or risk in results.
- > Any financially, organizationally, or other dependency concerning any matter related to the subject of the report and any such relevant information that is not apparent should be disclosed.
- > Identify parties responsible for each material assumption and method that are not the Appointed Actuary's.
- > If the report includes materially different results or expresses a different opinion from the most recent former report of the Appointed Actuary, the report should make it clear that the earlier results or opinion are no longer valid and explain why they have changed.