

14 April 2024

Insurance Authority's review of Actuarial Pricing Reports for Year 2023

IA Expectations in respect of the role of the Board of Directors, Senior Management, Company Actuarial Function and Appointed Actuary

For the purpose of pricing of Health, Motor and Protection & Savings insurance policies, the Insurance Authority expects the Insurance Company Management to:

- Ensure reliable and comprehensive data is made available to the Appointed Actuary;
- Provide adequate challenge to the key assumptions used by the Appointed Actuary.

The Insurance Authority expects the Company Internal Actuarial Function to:

- Participate actively in all actuarial pricing exercises, including but not limited to, data provision, data validation, pricing analysis, and actuarial report preparation;
- Maintain regular and close interaction with the Underwriting and Claims functions in order to understand any market developments on a timely basis and, subsequently, discuss and agree on the need for actuarial re-pricing with the Appointed Actuary.

The Insurance Authority expects the Appointed Actuary to:

- Explain the pricing methodology and key assumptions to management in an easy-to-understand manner, along with the changes in prices and drivers behind those changes;
- Ensure pricing assumptions are supported by recent experience and changes anticipated therein, and those assumptions consider the Company's own circumstances as well as the developments in the overall Health, Motor and Protection & Savings business segments;

- Continue to push for pricing sophistication leveraging global developments in actuarial best practices (e.g., by using *data science*, *artificial intelligence* and/or *machine learning* techniques),
- Seek to differentiate the Company's pricing basis from the competition, and move beyond the minimum stipulated by the IA;
- Monitor emerging experience and regulations, and update prices on a timely basis and as frequently as necessary, and not only at the time of producing the annual pricing report;
- Fully involve the internal Actuarial Function in every pricing exercise and guide them on working effectively with the Underwriting and Claims functions so that any emerging trends can be identified and reflected in the actuarial pricing basis in a timely manner; and
- Adhere to the actuarial reporting standards of his/her respective professional body.