

12 September 2024

## Executive Summary

### Insurance Authority's Review of Actuarial Reports on Reinsurance, Investment & Solvency for Year 2023 - IA Expectations of The Board of Directors, Executive Management, Appointed Actuary, And Head of Actuarial Function

#### 1. Reinsurance Adequacy Report 2023

The IA expects:

- The Company's management to carefully consider the treaty type most appropriate for its portfolio, and make sure it is aligned with the Company's risk appetite, financial objectives, and market conditions.
- The Board of Directors and senior management to actively consider the recommendations of their Appointed Actuary when making reinsurance purchase decisions, with due input from Underwriting and Reinsurance functions.
- The Board of Directors to seek to fully understand the rationale behind the recommendations of its Appointed Actuary, including impact of any changes to actuarial models and methodologies used, and actively consider those recommendations, with due consideration of the reinsurance market conditions, and the Company's own risk appetite.
- Management to consider the optimal treaty structure for each line of business individually so that any decision around purchasing a bouquet of treaties can be taken from an informed position.
- Each Appointed Actuary to remain abreast of the latest professional developments in the area of reinsurance optimization and continue to explore and implement more sophisticated modelling techniques.
- The Board of Directors and senior management to set clear goals for the Appointed Actuary so that the output generated is in line with the expectations and business requirements of management.

- The Board of Directors and senior management to seek to understand the impact of credit rating of its reinsurers on the reinsurance contract assets under IFRS 17, and ensure that its selection of reinsurers considers the attractiveness of the terms & conditions as well as the financial strength of the reinsurer, while also complying with the relevant IA regulations in this regard.
- The management to put in place robust processes for providing underwriting, risk and actuarial support in aid to the reinsurance purchase decisions, thus ensuring that placement of risks under treaty and facultative arrangements is done at optimal terms for the Company.

## 2. Investment and Asset Liability Management Report 2023

The IA expects:

- The Appointed Actuary to perform thorough analysis and provide clear recommendations to the investment team and senior management that are insightful and assist in informed decision-making in the process of making suitable investments;
- The investment team, senior management and Board of Directors to seek to understand the recommendations made by the Appointed Actuary, including implications of the current investment choices and alternatives available on the Company's ability to meet its liabilities with sufficient confidence and in a timely manner.
- The Control functions within the Company to assess the Company's position against the market benchmarks and where the Company is an outlier, seek justification or corrective action from the investment team, as appropriate.

### 3. Solvency & Capital Report

The IA expects the Company management to:

- Inculcate a 'culture of risk' within the Company for deployment in day-to-day decision-making
- Fully understand the drivers of the latest iteration of risk-based capital calculation in liaison with its Appointed Actuary
- Use the results of the latest exercise to inform and refine long term business strategy and risk mitigation approaches
- Based on the results of the latest exercise, where required, start identifying and weighing the options for meeting the new capital requirements considering if and when a risk-based capital regime goes into effect.