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GUIDELINES FOR APPOINTED ACTUARIES

Requirements for the Valuation of Actuarial Reserves and Other Policy Liabilities of General Insurers

FINANCIAL SERVICES COMMISSION

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1. GENERAL REQUIREMENTS

1.1 Regulatory Requirements

Section 44 of the Insurance Act, 2001 ("the Act") requires insurance companies to appoint actuaries to value the actuarial reserves and other policy liabilities of the company at the end of each financial year. The valuation must be conducted in accordance with regulations, generally acceptable actuarial practice with such changes as may be determined by the Financial Services Commission (FSC)[1]. The results must be submitted to the FSC using the prescribed form[2].

Section 26 of the Act stipulates that registered insurers shall submit to the FSC, within ninety days after the end of the financial year, an annual statement and related documents, which include the insurer's annual audited financial statements. The annual statement must be certified by the company's independent auditor.

Regulations 31 and 33 of the Insurance Regulations, 2001 state that the annual statements of life and general insurance companies, respectively, must be based on the audited financial statements of the company.

Section 44(8) of the Act requires the Appointed Actuary ("AA") to provide an opinion whether the annual financial statements present fairly the results of the valuation.

1.2 Purpose

This purpose of these Guidelines is to set out the FSC's expectations with respect to (a) certain aspects of the actuarial valuation and (b) the form and content of the Appointed Actuary's Report ("AAR") produced in accordance with Section 44(12) of the Act. The Guidelines provide details specifically on the types and extent of information required to describe the valuation. It sets out the information to be presented, including information on the results of certain supplementary calculations, and covers the nature of the discussions to be included. These Guidelines are based on the Memorandum to the Appointed Actuary issued in 2024 by the Office of the Superintendent of Financial Institutions (OSFI) in Canada.

The AAR is expected to form a key part of the valuation control process and should, therefore, provide a record of the justifications underlying key decisions made in the process in sufficient detail to enable an informed audience (such as a reviewing actuary) to assess whether the documented process, data, assumptions and outcomes are reasonable. The AAR is a detailed report that includes, among other things, the following:

- the data, methodology, assumptions, outcomes and reconciliations performed as part of his valuation process;
- the opinion of the AA and the work done to substantiate the AA's opinion;
- exhibits and appendices that present the quantitative analysis and supporting information;

[1] Regulations 76 and 78 of the Insurance Regulations, 2001 as amended by Insurance Amendment Regulations, 2022
[2] Section 44(12) of the Act

- schedules and supplementary tables (in accompanying Excel spreadsheets).

The AAR should also include text, calculations and information used to support and complete the insurer's Minimum Capital Test.

In forming his/her opinion, the AA shall assess:

- the valuation of actuarial reserves and other policy liabilities,
- the presentation of these results in the audited financial statements, including the notes, and
- any other matter directed by the FSC regardless of the International Financial Reporting Standard (IFRS) that applies (typically IFRS 9, IFRS 15 or IFRS 17).

The FSC's review of the AAR of an insurer is a key component of its assessment of the insurer's financial position, condition and profile. The insurer is responsible for ensuring that the AAR complies with the requirements of the Act and the FSC.

The AAR is not solely a report from the insurer's AA to the FSC's actuaries. It is also intended for the insurer's management team and will be read by regulators who may not be actuaries but who are knowledgeable about insurance. Therefore, the AAR should be presented in a manner generally understandable to both the insurer's management and the regulator.

1.3 Effective Date

These Guidelines become effective for AARs related to annual reporting periods beginning on or after January 01, 2024.

1.4 Definitions

Definitions for the purpose of these Guidelines are as follows:

"*actuarial reserves and other policy liabilities*" of an insurer are the liabilities related to the insurer's policies and other obligations to policyholders, including commitments, that are in force at the date of valuation or that were in force before that date. Actuarial reserves and other policy liabilities consist of insurance contract liabilities/assets and liabilities/assets for policy contracts and other obligations to policyholders other than insurance contracts. These include policy liabilities/assets associated with: (re)-insurance contracts issued, reinsurance contracts held, investment contracts with discretionary participation features (DPFs), investment/service components, and investment contracts and service contracts.

"*annual financial return*" means the annual statements and related documents that must be submitted to the FSC pursuant to Section 26 of the Act;

"*annual financial statements*" mean the audited financial statements (which includes the disclosures/notes) covering a full financial year prepared annually for shareholders or policyholders, a copy of which a registered insurer must submit to the FSC as part of its annual financial return;

"*appointed actuary*" means an actuary who has been appointed by a registered insurer pursuant to Section 44(1) of the Act;

"generally accepted actuarial practice" shall be:

- International Actuarial Note 100: Application of IFRS17 Insurance Contracts (August 2021);
- Caribbean Actuarial Association (CAA) Actuarial Practice Standard 0: General Actuarial Practice (December 2019), Actuarial Practice Standard 6: Actuarial Services in Connection with International Financial Reporting Standard 17 (June 2023) and any other relevant standards, educational notes, guidance and technical papers issued by the CAA; and
- any other actuarial standards and documents that may be specified by the FSC in respect of actuarial work required under the Act.

"*IFRS*" means the International Financial Reporting Standards developed and maintained by the International Accounting Standards Board (IASB) and adopted by the Institute of Chartered Accountants of Jamaica.

1.5 Application of Professional Standards to the Appointed Actuary's Valuation

When performing a valuation of an insurer's actuarial reserves and other policy liabilities and preparing an AAR for submission to the FSC, the FSC expects AAs to comply with the following:

1. The requirements of the Act and its regulations,
2. The requirements set out in these Guidelines;
3. The Code/Rules of Professional Conduct of the AA's governing body, and
4. Generally accepted actuarial practice.

The Guidelines do not contain any requirements that override, or limit generally accepted actuarial practice.

No deviation from the requirements of the Act or regulations is permitted. Any deviation from generally accepted actuarial practice or any other of the requirements of these Guidelines must be disclosed in the AAR and justified.

In complying with generally accepted actuarial practice, the AA must meet a standard of care with respect to the data used in valuations. Standard of care is to be interpreted with reference to Section 2.5 Data Quality of the CAA APS0: General Actuarial Practice Standard. This Standard requires the AA to assess whether there is sufficient and reliable data to perform the actuarial valuation and to take reasonable steps to review the consistency, completeness and accuracy of the data used (e.g. consistency of current valuation data with previous valuation data, with financial statements and records of policy movements). The AA must describe the verification, the assessment and review in the AAR.

Where an AA uses another person's work regarding the accuracy of the data used in the valuation, the AA, in addition to fulfilling the requirements of generally accepted actuarial practice, shall obtain a signed statement from the other party(ies) in the following format and include the signed statement(s) in the AAR.

STATEMENT OF ACCURACY OF POLICY RECORDS

I, **Name, Title** of **Company Name, Address of Company** hereby affirm that the listings and summaries of policies and contracts as of **31 December 2024**, prepared for and submitted to **Actuary Name** are to the best of my knowledge and belief substantially accurate and complete.

____

Signature of **Name**

____

Address of **Company Name**

The words in **bold** should be adapted to the situation.

1.6 Filing Requirements for the AAR

The filing deadline for the AAR, which includes the supplementary tables and schedules to the AAR, is ninety (90) business days after the end of the calendar year.

For the AAR, the insurer is required to submit:
- One hard copy with a signed opinion,
- One electronic copy of the report, that has been converted to PDF format. Scanned copies are not acceptable. The reports should not be security protected, and exhibits should be in a format that can easily be transferred to a spreadsheet. A scanned copy of the signed opinion must be included in the electronic submission, and
- One electronic copy of the required supplementary tables in Excel format.

When filing the AAR report, the AA must complete and submit the file "General AAR Supplementary Tables". The tables must not be modified by adding rows or columns. The AA must ensure that all tables are completed in the specified format. Column headings should not be changed or reordered. If no data is available, cells should be left blank. Instructions for completing the supplementary tables are included in the workbook. If changes are required to the workbook, the insurer is asked to send the request to Actuarial@fscjamaica.org.

The General AAR Supplementary Tables are based on the tables supporting the Memorandum to the Appointed Actuary issued in 2024 by OSFI in Canada.

2. FSC'S REVIEW PROCESS

Reviews of the annual financial returns and AAR may reveal that an AA's valuation calls for further assessment and questioning. Where the FSC is of the view that the provision for actuarial reserves and other policy liabilities are inappropriate, Regulation 25 of the Insurance (Actuaries)(General Insurance Companies) Regulations 2001 gives the FSC the authority to disallow assumptions and methods. Since the review of an AAR may take place over an extended period after filing, the FSC may request the AA to provide supplemental detail to sufficiently assess the assumptions and methods. The AA shall respond promptly to all supplemental requests. Working papers and documentation required to support the computation of the actuarial reserves and other policy liabilities reported in the annual financial return and the AAR shall be available at all times at the company's head office and should be made available to the FSC upon request.

Where the FSC assesses that the assumptions or methods do not sufficiently demonstrate the appropriateness of the actuarial reserves or other policy liabilities, the FSC shall require the AA to choose other acceptable assumptions or methods, and to re-compute the actuarial reserves and other policy liabilities. In such a situation, the AA must re-file the AAR. The FSC may also require the insurer to amend the annual financial return. Alternatively, the FSC may ask the insurer to reflect the changes in the annual financial return for the following year. The FSC may, in accordance with Section 44(5) of the Act request a report from an independent actuary.

3. GENERAL LAYOUT OF THE APPOINTED ACTUARY'S REPORT

The AAR shall follow the format and order of presentation specified in these Guidelines. A uniform manner of presentation allows the FSC to compare methodologies and assumptions more easily between insurers. Even if a section is not applicable to an insurer, it must still be included in the report.

- Table of contents
- overview
- materiality
- expression of opinion
- product descriptions
- reinsurance held
- data
- actual and expected experience
- methodology
- assumptions
- use of the work of others
- other disclosures
- capital adequacy and annual stress testing
- table of exhibits and appendices

A description of the types of information that must be provided is described in the sub-sections that follow.

3.1 Table of contents

The table of contents of an AAR serves two purposes. First, it gives users an overview of the AAR's contents and organization. Second, the table of contents facilitates users' ability to locate desired information in the AAR. It should, therefore, have clearly identified sections and numbered pages. Reference to such pages should part of the table of contents.

3.2 Overview

The overview section of the AAR must include:

- An executive summary, which shall summarize the key findings of the report and any recommendations,
- Reconciliation between the AA's estimate of the components of actuarial reserves and other policyholder liabilities and the amounts carried in the audited financial statements,
- A description of the AA's statutory responsibilities and role at the insurer including the AA's role in the preparation of the insurer's annual financial statements,
- a brief description of the insurer's structure,
- an overview of its operations,
- any changes in structure,
- any acquisitions/divestitures,
- any key material events affecting the actuarial reserves and other policy liabilities,
- any changes in the philosophy towards the valuation of actuarial reserves and other policy liabilities, and
- any material new categories of business.

The AA should identify and describe changes in the external or internal environment, changes in assumptions and methods, and other changes that affect the valuation. For the purposes of this disclosure, changes could involve policies, strategies, operations, business model, leadership, lines of business, underwriting, claims processes, or other similar issues that influence the AA's use of data, use of the work of others, or selection of methods, assumptions, or findings.

This discussion should include (where applicable) subjects such as:

- significant transactions or changes in reinsurance arrangements
- investment strategy (where discount rates use own assets as a reference portfolio or are based on actual underlying asset returns)
- changes in accounting policies used to account for some or all of the insurer's liabilities
- assumptions, methods, and models used to determine the liabilities
- model refinements and correction of errors.

3.3 Materiality

The AA should describe the materiality standard applied in their work and how they determined that amount. The AA should compare their materiality to the external audit materiality.

3.4 Expression of Opinion

In forming his/her opinion, the AA shall assess:

- The valuation of actuarial reserves and other policy liabilities;
- The presentation of these results in the annual financial statements, including the notes; and
- Any other matter directed by the FSC regardless of the International Financial Reporting Standard (IFRS) that applies (typically IFRS 9, IFRS 15 or IFRS 17).

An AA who is in a position to give an unqualified opinion shall use the wording specified in **Appendix I**. The FSC will consider any opinion that varies from this wording to be qualified. The AA may not use the wording in **Appendix I** unless the AA takes responsibility for the work and the report, including information prepared by, work done by and methodologies and assumptions set by another person. The FSC will consider any opinion that varies from the wording in **Appendix 1** to be qualified.

In deciding whether to take responsibility for work done by others, the AA should bring to the fore of his/her mind the requirements of Section 1.5 of these Guidelines. The following questions[3] may assist the AA during that determination:

- Is the policy or method or assumption that has been set by another party consistent with a reasonable interpretation of the IFRS 17 standard?
- Is the policy or method or assumption that has been set by another party consistent with generally accepted actuarial practice?
- Is the policy or method or assumption similar to what the AA would have chosen or if not similar would the outcome not be materially different?
- Has the AA considered the other person's qualifications, competence, integrity, and objectivity? Has the AA considered discussions and correspondence between the AA and the other party regarding any facts known to the AA that are likely to have a material effect upon the information used? Is the other person aware of how the AA intends to use that person's work? Does the AA need to review the other person's supporting papers?
- Is the AA able to judge the appropriateness of the policy or method or assumption set by another party without performing a substantial amount of additional work beyond the scope of the assignment?

The opinion must contain an original signature of the AA, the AA's name (in block letters), the date and location of signing.

The actuarial opinions presented to the shareholders and policyholders of the insurer should be essentially the same as the opinion filed with the FSC. Should this not be the case, the AA must disclose in writing in the AAR to the FSC any material differences between the opinions, as well as the rationale for such differences.

3.4.1 Qualified Opinion

Any qualification or limitation concerning any aspect of the valuation must be noted in this section of the AAR. Comprehensive explanations should be provided in the relevant sections of the report. These sections should be cross-referenced in the opinion. The qualifications or limitations should be similar to the ones included in the annual financial statements presented to the shareholders and policyholders. Caveats or any form of disclaimer should be excluded from the opinion but could be included in supplementary information supporting the opinion. **Appendix II** provides two examples of situations where a reservation in reporting is required. The list is not exhaustive, and the examples are

[3] CIA Education Note, Role of the Appointed Actuary Under IFRS 17

meant to be illustrative. The AA is required to amend the opinion to fit the circumstance which gave rise to the qualification.

3.5 Product

The AA shall identify the major product lines the insurer writes in the AAR. The AA shall include a description of the significant characteristics of such products. The AA should consider homogeneity in product features across the industry and the associated knowledge and understanding of those characteristics that could be assumed on the part of users of the AAR. More details regarding emerging coverages (e.g. cyber) should be provided.

3.6 Reinsurance held

3.6.1 Reinsurance arrangements

The AA should describe the insurer's reinsurance held, significant changes in its reinsurance arrangements, and the rationale for change, if any. The scope of the descriptions should include contracts accounted for under IFRS 17 as well as other international financial reporting standards. The description should include the following:

- types of reinsurance
- products and key risks covered
- amount of risk ceded and limits, if any, on coverage
- accounting standard applicable to the reinsurance
- back-to-back reinsurance contracts

The AA's description should include all significant reinsurance arrangements. A significant reinsurance arrangement is one in which either a significant amount of risk is transferred or a significant asset or liability is carried in relation to the arrangement.

The AA should also discuss and describe the following where they exist in significant reinsurance arrangements:

- arrangements that do not cede insurance risk or are accounted for under a financial standard other than IFRS 17
- not investment grade reinsurance and the approach used to mitigate its counterparty exposure
- arrangements in which the insurer and the reinsurer are related
- arrangements in which the insurer has ceded risk to a reinsurer on one set of terms where the reinsurer has accepted the same or similar risk from another insurer under materially different terms

The AA shall describe and discuss significant internal reinsurance arrangements that are not otherwise identified where one entity within the corporate group cedes risk to another entity within the corporate group.

3.6.2 Accounting for reinsurance held assets and liabilities under IFRS 17

The AA should describe the valuation of reinsurance held assets and liabilities. Where components of the valuation are consistent with the valuation of direct contracts, the AA can reference the applicable sections of the AAR. Where applicable, descriptions shall include at a minimum:

- provisions for non-performance risk
- embedded guarantees in funds withheld and modified coinsurance arrangements
- aggregate reinsurance treaties (for example, stop loss, catastrophe, aggregate excess of loss)

Where different from direct contracts, the AA shall describe:

- discount rates
- risk adjustment
- assumptions and other valuation elements.

3.6.3 Other IFRSs

The AA should identify reinsurance arrangements that are not accounted for under IFRS 17 and describe how associated assets and liabilities are determined. The description should identify the applicable standards used for accounting for the arrangements.

3.7 Data

The AAR shall contain a description of the data used for the valuation and notable changes in data (if any) from the prior year and the reasons for such change. For example: the AAR should contain details about the treatment of salvage and subrogation, loss adjustment expense (allocated and unallocated), and reinsurance in the claims data.

The AA shall describe the controls used to provide assurance over the adequacy of the data used in the valuation.

The AAR should include a description of the extent to which the AA considered the work of others and if they did not use the work.

3.8 Actual and expected experience

The AAR should include comparisons of actual to expected experience for significant assumptions used in the measurement of actuarial reserves and other policy liabilities. The AA should discuss significant differences between actual and expected experience.

We expect AAs to provide a comparison of actual experience with expected experience for a period sufficient to provide users of the AAR a credible basis for evaluating the key assumptions. Ideally, the AA should provide the comparison over the most recent ten years. If data for that period are not currently available, the AA should comment on this fact, discuss the rationale for the shorter period, and move toward this expectation.

Comparison of actual and expected experience consists of comparing ultimate undiscounted estimates of losses at the end of the current financial year with similar estimates made at the end of prior financial year-ends. The AA should conduct their analysis by accident year and line of business for either net business or gross and ceded business.

Discussion of actual and expected experience should include the following, where applicable:

- description of the reasons for significant differences between current and prior estimates of losses by line of business (including years that were considered closed)
- description of changes in methods or assumptions that were implemented to minimize future material development
- disclosure of the comparison using old lines of business where the AA changed the lines of business during the year
- estimation of the dollar effect of development where the AA uses underwriting year rather than accident year and comparison of projected loss ratios
- discussion of material differences between the loss development and that shown in the comparison of actual experience (or confirmation that there are none)
- quantification and explanation of differences between the ultimate loss development presented in the Unpaid Claims and Loss Ratio (UCLR) Analysis Exhibit and that shown in the comparison of actual experience.

3.9 Methodology

With respect to methodology, the AAR should contain:

- identification of major accounting choices that deviate from industry norms where known (for example, use of general measurement model for lines of business that qualify for premium allocation approach or variable fee approach)
- identification of major estimation methods (for example, development, expected, and Bornhuetter-Ferguson method)
- discussion of methodologies used to determine probability-weighted cash flows where there are embedded guarantees, including identification and calibration of economic scenario generators
- identification of product lines where probability-weighted cash flows cannot be estimated using deterministic best estimate projections and discussion of how probability-weighted cash flows are determined for those product lines
- description of the construction of discount rates for cash flows that do not vary with an underlying item
- description of the projection of cash flows that vary with an underlying item and the determination of the discount rate applied to those cash flows

- description of the determination of risk adjustment and the corresponding confidence level
- description of bulk reserves and how they are determined.

3.10 Assumptions

The AAR should contain a description of key assumptions and how they are derived. In particular, the AA should discuss the use of the insurer's data, industry data, and the review cycle for assumptions. There should also be a description of significant change(s) in key assumptions year-over-year and the rationale for such change(s).

3.11 Use of the work of others

There are several areas where AAs use the work of others in conducting the valuation of actuarial reserves and other policy liabilities, for example, the external auditor, another actuary.

In the AAR, the AA should identify and describe their use of the work of others when significant to the valuation of actuarial reserves and other policy liabilities. The AA should expressly indicate their acceptance of work performed by others and any reservations that might be associated with the use of that work.

3.12 Other disclosure requirements

3.12.1 New appointment

If the AA was appointed to the role during the last year, the AAR must include the following disclosures:

- the date of appointment,
- the date of resignation of the previous AA,
- the date on which FSC was notified of the appointment,
- confirmation of communication with the previous AA, as required by Section 45 of the Act, and
- a list of the AA's qualifications, keeping in mind, but not limited to, the relevant Code/Rules of Professional Conduct.

3.12.2 Annual Required Reporting to the Board or Audit Committee

The AAR must disclose the date on which the AA met with the board or the audit committee of the board as required by Section 44(9) of the Act.

3.12.3 Continuing Professional Development Requirements

The AA must disclose in the AAR whether he/she is in compliance with the Continuing Professional Development requirements of his/her governing body.

3.12.4 Conflict of Interest Statement

The AAR must include conflict of interest statement as follows:

I confirm that there exists a potential or actual conflict of interest between myself and my client or employer and/or third party.

I confirm that there has been full disclosure of the potential or actual conflict to all parties involved (including the FSC), and that all parties have agreed that I may perform the duties of the Appointed Actuary for my client or employer.

I confirm that my ability to act fairly and objectively is unimpaired, and that I have performed my duties as Appointed Actuary without regard to any personal considerations or to any influence, interest or relationship that may impair my professional judgement or objectivity.

______________________	___________________________	__________________________
Name of Appointed Actuary	Signature of Appointed Actuary	Date

Delete paragraphs that are not applicable.

3.12.5 Reporting Relationships of the Appointed Actuary

The AAR should disclose the reporting relationships and dependencies of the AA.

For AAs who are employees of the insurer, the AAR should disclose the name and position of the person (or persons) to whom the AA reports as well as any changes in this regard over the past year. Both solid line and dotted line reporting relationships should be disclosed, as well as any anticipated change.

When the AA is not an employee of the insurer, the AAR should disclose the names and positions of the main contacts within the insurer with respect to the different functions of the AA, such as the valuation, financial condition reporting, and capital adequacy testing.

For example, the AAR should disclose the name and position of:

- The person who hired the AA; and
- The insurer’s employees with whom the AA discusses findings and reports.

3.12.6 Peer Review of the Work of the Appointed Actuary

If the work of the AA was peer reviewed in the last three years, the AA should state the name and qualifications of the peer reviewer, summarize the key findings or recommendations, and the status of each finding/recommendation by year. For the recommendations from peer reviews before the effective date of IFRS 17, the AA should indicate whether the recommendations are still applicable under IFRS 17.

3.12.7 Re-submitting the Report

Where the insurer re-submitted the AAR, the AA must disclose in the report, the reason(s) for re-submission.

3.13 Capital adequacy and annual stress testing

The AAR shall include:

a) A summary of the key findings of these tests and recommendations,
b) A discussion and summary of the exposure of the company to significant risks,
c) Discussion of asset default provisions and any asset concentration and quality issues,
d) A comment on the quality and composition of assets allocated to surplus,
e) A description of the process used to measure and manage risk (e.g. liquidity, capital),
f) Completed Confirmation of the General Insurance Capital Adequacy Test requirements:

I, **Actuary Name**, Appointed Actuary, of **Company Name, Address of Company** hereby affirm that the requirements of the capital adequacy test have been followed.

______________________	___________________________	____________________
Name of Appointed Actuary	Signature of Appointed Actuary	Date

The words in bold should be adapted to the situation.

3.14 Table of exhibits and appendices

Similar to the table of contents discussed previously, a table that presents the organization and location of the exhibits and appendices that contain the quantitative analyses that comprise the valuation is of great value to users of the AAR.

4. UNPAID CLAIMS AND LOSS RATIO ANALYSIS EXHIBIT

4.1 Introduction

The Unpaid Claims and Loss Ratio Analysis Exhibit (UCLR Analysis Exhibit), as shown in **Appendix III,** is constructed to allow the presentation and collection of industry loss information in a standard format. The compiled information allows for the analysis of the impact of discounting on estimate of future cash flows and the analysis of the evolution of loss trends. In order to achieve these objectives, the exhibits are constructed by class of insurance and by accident year and contain information on a current year and on a cumulative year basis.

4.2 Data

A page must be completed for each actuarial line of business and should reconcile to supporting exhibits in the AAR. Each actuarial line of business must be uniquely linked to one, and only one, annual financial return class of business as listed in **Appendix IV**.

The insurer must specify on each page the aggregation basis, on which the Exhibit is completed, either “accident year” or “underwriting year”. The selected basis should be the same for all pages. Insurers completing the exhibits on a “report year” basis should select “accident year”.

The insurer must also specify on each page the corresponding liquidity category in Table 3 of the accompanying General AAR Supplementary Tables upon which the underlying discount rate for the actuarial line of business is derived.

If an actuarial line of business is a combination of two or more annual financial return lines, the AA must determine in which annual financial return line to place it to best represent the operations of the insurer. For actuarial lines of business where the insurance revenue is not available in the same detail as the claims (e.g. automobile-liability bodily injury and property damage), the AA should either estimate a split of the insurance revenue or combine the data showing it in the annual financial return class that best represents the class of business underwritten by the insurer.

A “Total” page must also be completed; this exhibit should balance to the AAR. An individual page does not have to be completed for a category that is not reviewed by the AA but the total fulfilment cash flows for the category must be included in Line 14 (“Other Provisions”) of the “Total” page. The AA should also provide a breakdown with commentary in the AAR when “Other Provisions” is greater than the selected materiality.

In the UCLR Analysis Exhibit, the estimate of present value of future cash flows (Column [7]) is expected to be less than the total estimate of future cash flows (Column [6]). If the amount in the column [7] is greater than the amount in column [6], the AAR must comment on the reason for the exception.

Claim counts reported in the UCLR Analysis Exhibit should be consistent with the way the AA defines and records claim counts in the AAR. The AA should provide the definition of claim count in the AAR and describe any changes in the definition from the prior AAR. If it is difficult to obtain claim count information (e.g. reinsurers, assumed business, etc.), the AA should provide a rationale in the AAR for why claim count cannot be reported.

The definition of claim count could include, if applicable, but not be limited to:

- whether an occurrence with payments for multiple coverages/parties is counted as one claim or multiple claims,
- whether claims with no case outstanding and no payments are included in the definition of reported claim counts, and
- how reopened claims are treated.

The AA has the option to calculate the undiscounted loss ratio in the UCLR Analysis Exhibit using insurance revenue or earned premiums, as reported in column [13] of the exhibit. For older accident years prior to IFRS 17, earned premiums should be reported instead of insurance revenue. The AAR should disclose whether insurance revenue or earned premiums is reported for accident years post IFRS 17, by class of business if applicable.

The UCLR Analysis Exhibit should be completed on a gross basis for each actuarial line of business and the total, and on a ceded basis for total. Any adjustments to the gross basis as reported in the AAR should be made in Line 15 of the “Total” page.

The AA is responsible for ensuring the accuracy of the UCLR Analysis Exhibit and accompanying electronic filing.

Note that figures must be expressed in thousands of Jamaican dollars rounded to the nearest dollar.

Appendix V contains detailed instruction for completing the UCLR Analysis Exhibit.

5. APPENDIX I – Expression of Opinion

OPINION OF THE APPOINTED ACTUARY

I certify that:

a) I am a member in good standing with my governing actuarial body, [Name of Organization] and comply with its [Code/Rules of Professional Conduct]
b) I meet the qualification standards of the Financial Services Commission to value the actuarial reserves and other policy liabilities of [Name of insurance company]; and
c) The valuation of actuarial reserves and other policy liabilities of [Name of Insurance Company], was conducted in accordance with the Insurance Act, 2001 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica and guidelines issued by the Financial Services Commission.

In my opinion the amount of the actuarial reserves and other policy liabilities of [Name of Insurance Company] reported in its annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended [Date] is appropriate for this purpose and the annual financial statements presents fairly the results of the valuation.

____________________________	____________________________	_____________
Name of Appointed Actuary [Name, Title, Qualification]	Signature of Appointed Actuary	Date

6. APPENDIX II - Two examples of circumstance requiring a qualified opinion[4]

6.1 Liabilities different from those calculated by the actuary

If the annual financial statements of an insurer report actuarial reserves and other policy liabilities that are materially different from those calculated and reported by the AA, then the AA would need

[4] Source: Canadian Institute of Actuaries June 2023 Consolidated Standards of Practice 2230

to disclose the difference in the amounts and identify where to find an explanation for the difference. If possible, such explanation would include the important reasons for the difference.

The opinion could be as follows:

I certify that:

a) I am a member in good standing with my governing actuarial body, [Name of Organization] and comply with its [Code/Rules of Professional Conduct];
b) I meet the qualification standards of the Financial Services Commission to value the actuarial reserves and other policy liabilities of [Name of insurance company]; and
c) The valuation of actuarial reserves and other policy liabilities was conducted in accordance with the Insurance Act, 20011 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica and guidelines issued by the Financial Services Commission.

In my valuation, the amount of the actuarial reserves and other policy liabilities is $[X]. The corresponding amount in the annual financial statements is $[Y]. The sources of this difference are described in [reference].

In my opinion, the amount of actuarial reserves and other policy liabilities in the annual financial statements is not appropriate and as explained in [reference] the annual financial statements do not present fairly the results of my valuation.

6.2 Change in assumption or methodology affecting disclosure items in the annual financial statements

If an item valued by the AA is materially affected by a change in assumption or methodology that is not disclosed in the [annual] financial statements, the AA would modify the opinion paragraph in the standard reporting language to disclose this situation.

The opinion could be as follows:

I certify that:

a) I am a member in good standing with my governing actuarial body, [Name of Organization] and comply with its [Code/Rules of Professional Conduct];
b) I meet the qualification standards of the Financial Services Commission to value the actuarial reserves and other policy liabilities of [Name of insurance company]; and
c) The valuation of actuarial reserves and other policy liabilities was conducted in accordance with the Insurance Act, 2001 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica and guidelines issued by the Financial Services Commission.

In my opinion, the amount of the actuarial reserves and other policy liabilities of [Name of Insurance Company] reported in its annual financial statements for the year ended [Date] is appropriate for the stated purpose. As explained in [reference], [the assumption/methodology for XX] was changed from that used for the previous year. Except for the absence of the disclosure of this change and its impact, the annual financial statements, in my opinion, presents fairly the results of the valuation.

7. APPENDIX III - Unpaid Claims and Loss Ratio Analysis Exhibit

Unpaid Claims and Loss Ratio Analysis Exhibit (030)

(All amounts are on a Gross basis and in $'000)

Exhibit Category Code: __________

Actuary's Category Code : __________

Aggregation Type Code: __________

Portfolio: __________

Liquidity Category for Discount Rate: __________

			Paid Losses[a]		Liabilities for Incurred Claims[a]									Loss Ratio Analysis[a]		Claim Counts		As at Prior Year-end	
Line no	Year code	Accident/ Underwriting Year	Current Year (XXXX)	Cumulative (XXXX and Prior)	Bornhuetter-Ferguson Initial Expected Loss Ratio Assumptions	Estimate of Future Cash Flows			Estimate of Present Value of Future Cash Flows - Total	Risk Adjustment (RA)		Fulfilment Cash Flows	Insurance Revenue/ Earned Premiums	Undiscounted Loss Ratio (%)	Open as at Year-end	Reported to Date	Total Estimate of Future Cash Flows[a]	Reported Claim Counts to Date
						Case Reserves	IBNR	Total		RA ($'000)	RA (%)							
		(01)	(02)	(03)	(22)	(04)	(05)	(06)	(07)	(23)	(24)	(12)	(13)	(16)	(18)	(19)	(20)	(21)
			m1	m2	m3	m4	m5	m6	m7	m8	m9	m10	m11	m12	m13	m14	m15	m16
1	01	XXXX-10 & Prior																
2	02	XXXX-9																
3	03	XXXX-8																
4	04	XXXX-7																
5	05	XXXX-6																
6	06	XXXX-5																
7	07	XXXX-4																
8	08	XXXX-3																
9	09	XXXX-2																
10	10	XXXX-1																
11	11	XXXX																
12	99	Total																

a) Including Allocated loss adjustment expenses (ALAE), but excluding Unallocated loss adjustment expenses (ULAE)

Unpaid Claims and Loss Ratio Analysis Exhibit (030)

(All amounts are on a Gross basis and in $'000)

Exhibit Category Code:	Total
Actuary's Category Code :	Total
Aggregation Type Code:	
Portfolio:	Total
Liquidity Category for Discount Rate:	Total

			Paid Losses[a]		Liabilities for Incurred Claims[a]							Loss Ratio Analysis[a]		Claim Counts		As at Prior Year-end	
						Estimate of Future Cash Flows				Risk Adjustment (RA)							
Line no	**Year code**	**Accident/ Underwriting Year**	Current Year (XXXX)	Cumulative (XXXX and Prior)	Bornhuetter-Ferguson Initial Expected Loss Ratio Assumptions	Case Reserves	IBNR	Total	Estimate of Present Value of Future Cash Flows - Total	RA ($'000)	RA (%)	Fulfilment Cash Flows	Insurance Revenue/ Earned Premiums	Undiscounted Loss Ratio (%)	Open as at Year-end	Reported to Date	Total Estimate of Future Cash Flows[a]	Reported Claim Counts to Date
		(01)	**(02)**	**(03)**	**(22)**	**(04)**	**(05)**	**(06)**	**(07)**	**(23)**	**(24)**	**(12)**	**(13)**	**(16)**	**(18)**	**(19)**	**(20)**	**(21)**
			m1	**m2**	**m3**	**m4**	**m5**	**m6**	**m7**	**m8**	**m9**	**m10**	**m11**	**m12**	**m13**	**m14**	**m15**	**m16**
1	01	XXXX-10 & Prior																
2	02	XXXX-9																
3	03	XXXX-8																
4	04	XXXX-7																
5	05	XXXX-6																
6	06	XXXX-5																
7	07	XXXX-4																
8	08	XXXX-3																
9	09	XXXX-2																
10	10	XXXX-1																
11	11	XXXX																
12	99	Total																

APV Reserves including ULAE, FA and Other (040)

13		ULAE - Total	**m51**	
14		Other Provisions	**m53**	
15		Grand Total	**m54**	

a) Including Allocated loss adjustment expenses (ALAE), but excluding Unallocated loss adjustment expenses (ULAE), except for lines 13 to 14.

Unpaid Claims and Loss Ratio Analysis Exhibit (030)

(All amounts are on a Ceded basis and in $'000)

Exhibit Category Code: Total

Actuary's Category Code : Total

Aggregation Type Code:

Portfolio: Total

Liquidity Category for Discount Rate: Total

			Paid Losses[a]		Liabilities for Incurred Claims[a]								Loss Ratio Analysis[a]		Claim Counts		As at Prior Year-end	
						Estimate of Future Cash Flows				Risk Adjustment (RA)								
Line no	Year code	Accident/ Underwriting Year	Current Year (XXXX)	Cumulative (XXXX and Prior)	Bornhuetter-Ferguson Initial Expected Loss Ratio Assumptions	Case Reserves	IBNR	Total	Estimate of Present Value of Future Cash Flows - Total	RA ($'000)	RA (%)	Fulfilment Cash Flows	Insurance Revenue/ Earned Premiums	Undiscounted Loss Ratio (%)	Open as at Year-end	Reported to Date	Total Estimate of Future Cash Flows[a]	Reported Claim Counts to Date
		(01)	(02)	(03)	(22)	(04)	(05)	(06)	(07)	(23)	(24)	(12)	(13)	(16)	(18)	(19)	(20)	(21)
			m1	m2	m3	m4	m5	m6	m7	m8	m9	m10	m11	m12	m13	m14	m15	m16
1	01	XXXX-10 & Prior																
2	02	XXXX-9																
3	03	XXXX-8																
4	04	XXXX-7																
5	05	XXXX-6																
6	06	XXXX-5																
7	07	XXXX-4																
8	08	XXXX-3																
9	09	XXXX-2																
10	10	XXXX-1																
11	11	XXXX																
12	99	Total																
APV Reserves including ULAE, FA and Other (040)																		
13		ULAE - Total									m51							
14		Other Provisions									m53							
15		Grand Total									m54							

a) Including Allocated loss adjustment expenses (ALAE), but excluding Unallocated loss adjustment expenses (ULAE), except for lines 13 to 14.

8. APPENDIX IV – Annual Financial Return Classes of Business

- Property
- Motor Vehicle
- Marine, Aviation and Transport
- Workers Compensation
- Liability
- Pecuniary Loss
- Personal Accident
- Accident

9. APPENDIX V - Unpaid Claims and Loss Ratio Analysis Exhibit

9.1 Information Contained in the Unpaid Claims and Loss Ratio Analysis Exhibits (by Column)

The UCLR Analysis Exhibit contains amounts segregated by accident years (refer to Section 12.3 for instructions on other than an accident year basis). All amounts entered on the UCLR Analysis Exhibit should be expressed in thousands of Jamaican dollars and rounded to the nearest dollar.

Columns 03, 13, 16, 19, 21 and 22 must be completed for the past 10 accident years while columns 02, 04 through 07, 12, 18, 20, 23 and 24 must be completed for all accident years.

9.1.1 Column 01 – Accident Year or Underwriting Year

Column 01 of the exhibit represents the segregation by accident/underwriting year, as specified in Aggregation Type Code. Line 11 represents the most recent accident/underwriting year, lines 02 to 10 represent the nine prior accident/underwriting years and line 01 represents all prior years to line 02.

9.1.2 Column 02 – Paid Losses: Current Year

Column 02 represents the paid claims and paid allocated adjustment expenses for the current calendar year.

Paid losses for Accident year XXXX-10 & Prior should be reported in Line 1.

9.1.3 Column 03 – Paid Losses: Cumulative

Column 03 represents the cumulative paid claims and paid allocated adjustment expenses for all calendar years.

9.1.4 Column 04 – Estimate of Future Cash Flows: Case Reserves

Undiscounted case basis reserves of the unpaid claims and allocated adjustment expenses are presented in column 04. If the claim liabilities are case reserved on a discounted basis (e.g. tabular reserves), the discounted case reserves are to be entered.

9.1.5 Column 05 – Estimate of Future Cash Flows: IBNR

Undiscounted incurred but not reported reserves are shown in column 05. These reserves also include any adjustment for the deficiency or redundancy of the case reserves (also known as the broad definition of IBNR) presented in column 04. The undiscounted IBNR includes all amounts related to the undiscounted unpaid allocated adjustment expenses. If the undiscounted claim liabilities for a line are not available, (e.g. tabular reserves), then the discounted IBNR should be entered.

9.1.6 Column 06 – Estimate of Future Cash Flows: Total

This is the total of columns 04 and 05.

9.1.7 Column 07 – Estimate of Present Value of Future Cash Flows: Total

Present value case basis reserves and IBNR of the unpaid claims and allocated adjustment expenses are presented in column 07. The underlying rule to be respected with the completion of the UCLR Analysis Exhibit is that the amounts shown should correspond to those calculated by the AA in the AAR. Do not add any risk adjustment to this column.

9.1.8 Column 12 – Fulfillment Cash Flows

Column 12 is the result of the following formula:

Column(07) + *Column*(23)

Note: for the "Total" exhibit, amounts for column 12 are entered on line 13 (ULAE – Total) and line 14 (Other Provisions) as well as line 15 (Grand Total). Lines 13 through 15 are included only in the "Total" exhibit.

9.1.9 Column 13 – Insurance Revenue/Earned Premium

Insurance revenue/earned premium are shown separately by accident year. For older accident years prior to IFRS 17, earned premiums (or cumulative earned premium to date) should be reported instead of insurance revenue. Insurance revenue/earned premiums are reported and developed at ultimate where development is possible, for example, where experience rating is used.

9.1.10 Column 16 – Undiscounted Loss Ratio (%)

The undiscounted loss ratio is calculated using the following formula:

100 x [*Column*(03) + *Column*(06)] / *Column*(13)

9.1.11 Column 18 – Open Claim Counts as at Year-end

Open claim counts for an accident/underwriting year refer to the number of claims that has not been settled or on which payments are still being made as at the current year-end. If it is difficult to obtain claim count information (e.g. reinsurers, assumed business, etc.), this column should be left blank (i.e. not zero) and the AA should provide a rationale in the AAR.

9.1.12 Column 19 – Reported Claim Counts to Date

Reported claim counts for an accident/underwriting year refer to cumulative reported claim counts as at the current year-end. If it is difficult to obtain claim count information (e.g. reinsurers, assumed business, etc.), this column should be left blank (i.e. not zero) and the AA should provide a rationale in the AAR.

9.1.13 Column 20 – Total Estimate of Future Cash Flows as at Prior Year-end

This is equal to column 06 from the corresponding pages of the prior UCLR Analysis Exhibit. Where there are changes in the actuarial lines of business or the reinsurance/retrocession arrangements, the AA must allocate total estimate of present value of future cash flows from the prior AAR to the current actuarial line of business, based on the current reinsurance/retrocession arrangements, using a reasonable approximation.

The AA should treat non-performance risk of reinsurance consistently for the restated 2022 in the first year of the IFRS 17 implementation, i.e. including the non-performance risk of reinsurance directly in the cash flows or reflecting it in the discounting by increasing ceded discount rate.

9.1.14 Column 21 – Reported Claim Counts to Date as at Prior Year-end

This is equal to column 19 from the corresponding pages of the prior UCLR Analysis Exhibit. When the actuarial lines of business or definition of claim count have changed from the prior AAR, the AA must allocate reported claim counts to date from the prior AAR to the current actuarial line of business and definition of claim count using a reasonable approximation. If it is difficult to obtain claim count information (e.g. reinsurers, assumed business, etc.), this column should be left blank (i.e. not zero) and the AA should provide a rationale in the AAR.

9.1.15 Column 22 – Bornhuetter-Ferguson Initial Expected Loss Ratio Assumptions

These are the expected loss ratio assumptions used in the Bornhuetter-Ferguson (B-F) or the Expected Loss Ratio (ELR) method to estimate ultimate loss for the current year's valuation. If neither the B-F nor the ELR method is considered for an actuarial line of business, this column should be left blank (i.e. not zero).

9.1.16 Column 23 – Risk Adjustment

The Risk Adjustment is presented in column 23.

9.1.17 Column 24 – Risk Adjustment (%)

This column is equal to the ratio of column 23 to column 07.

9.2 Information Contained in the Unpaid Claims and Loss Ratio Analysis Exhibit (by Line)

The amounts contained in lines 1 to 12 of UCLR Analysis Exhibit exclude all paid and unpaid ULAE.

9.2.1 Line 13 – ULAE - Total

Discounted unpaid ULAE, including risk adjustment if applicable, are entered in line 13 in the "Total" exhibit but excluded entirely from the other exhibits.

9.2.2 Line 14 – Other Provisions

The fulfilment cash flows for all other provisions (e.g. non-material lines of business and directly attributable expenses that are not included in ALAE and ULAE) are entered in line 14 (Other Provisions) of the "Total" exhibit.

9.2.3 Line 15 – Grand Total

This is the total of lines 12 through 14 of column 12 of the "Total" exhibit. The Grand Total should balance to the AA's Estimate in the Opinion Page.

9.3 Claims Reported on Other than an Accident Year Basis

Normally, the UCLR Analysis Exhibit will be completed on an accident year basis (year in which the claim was incurred).

However, some insurers may have used a basis other than accident year when completing the AAR. This includes reinsurers reporting on an underwriting year basis (year when the policy is written) as well as insurers writing policies on a claim-made basis who declare on report year (year when the claim is reported). These insurers may encounter difficulties in completing the UCLR Analysis Exhibit on an accident year basis.

It is recommended that the basis that is most suited to the insurer's operation be used to complete the exhibits. In such case, line 14 (Other Provisions) of the "Total" exhibit must be adjusted so that line 15 (Grand Total) equals to the amount reported in the opinion page of the AAR.

10. APPENDIX VI – Technical Definitions

Actuarial Line of Business: The cohort selected by the AA based on the credibility and homogeneity of the data for reserving analysis purpose.

Ceded: Reinsurance contracts held.

Gross: Insurance and reinsurance contracts issued by an insurer.

Net: Gross minus ceded.

Loss Ratio: Claims divided by earned premiums for 2022 and before;
Claims divided by insurance revenue for 2023 and after.

11. REFERENCES

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Memorandum to the Appointed Actuary (2024) - Office of the Superintendent of Financial Institutions

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https://drive.google.com/file/d/1ccploy0sw34SnoxSV3TYLMC4BmowLkk4/view?usp=sharing

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https://www.cia-ica.ca/docs/default-source/standards/sc063023e.pdf

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