

CEO  
Address



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

22<sup>nd</sup> February 2013

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[www.centralbank.ie](http://www.centralbank.ie)

**Re: Signing Actuary Reports**

Dear CEO,

In recent years, the Central Bank of Ireland ("Central Bank") has provided feedback to the industry in relation to the contents of reports accompanying Statements of Actuarial Opinion (SAO Reports). The purpose of these was to create greater consistency between the various reports that we receive across the different categories of firm. In relation to year-end 2012 SAO reports, the Central Bank requests that all firms rated High Impact under PRISM incorporate the following points into the reports where it is of the opinion that this is not already the case:

1. The Chief Actuary (or the Signing Actuary as appropriate) shall provide a short analysis of how actual claims experience during the year compared to expected development. This analysis should be quantified where appropriate and should also include a read-across to current pricing and comment on whether this has any implications for reserving going forward;
2. Where the SAO Report is accompanied by a Data Accuracy Statement, the relevant PCF (Pre-Approval Controlled Function) holder in the company should include a report setting out how they are satisfied that it is reasonable and appropriate for them to provide such a statement. This should make particular reference to the policies and procedures pertaining to the provision of data (with particular emphasis on case estimate data) to the reserving actuary and the documentation of any amendments to claims procedures during the year;
3. An analysis of the material risks to reserve adequacy should be provided by the Chief Risk Officer, Chief Actuary or Signing Actuary as appropriate. This need only cover such risks as would lead to the reserves being understated by a material amount relative to the solvency margin held. The report should provide details of the analysis performed to reach this conclusion. Where appropriate, the distribution of reserves, and the percentile at which reserves are booked, should be included;
4. The Signing Actuary should document the reasons and rationale to demonstrate how and why they came to their decision. For example, where a number of different development triangles were looked at, the rationale for the chosen method should be included; and



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5. The section pertaining to the quantification of uncertainty should be sufficiently prospective in nature and not simply based upon methods that examine historic variability of reserves.

Please feel free to contact the supervision team should you have any queries in relation to the contents of this letter or where inclusion of the above items presents your firm with material difficulties.

Yours sincerely,

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**Domhnall Cullinan**  
**Head of General Insurance Supervision**