



Cayman Monetary Regulatory Authority International

At the forefront of financial regulation, the Cayman Monetary Regulatory Authority International (CMRAI) is dedicated to upholding the highest standards of financial oversight and compliance. Our mission is to safeguard the stability and integrity of the global financial system by ensuring that financial services operate within a framework of transparency, accountability, and excellence.

As a trusted partner to financial institutions worldwide, CMRAI provides rigorous supervision, innovative solutions, and strategic guidance to foster a secure and thriving financial environment. With decades of experience and a commitment to global standards, we stand as a pillar of trust and security in an ever-evolving financial landscape.

With a legacy of excellence in financial oversight, the Cayman Monetary Regulatory Authority International (CMRAI) is a beacon of trust in the international financial community. Our role extends beyond regulation; we are innovators, collaborators, and protectors of the global financial ecosystem. By fostering compliance, promoting best practices, and embracing technological advancements, CMRAI ensures that financial services remain resilient and adaptable in a dynamic global market.

Our comprehensive approach to regulation encompasses a deep understanding of financial risks and a proactive stance on emerging challenges. We are committed to empowering financial institutions with the tools and guidance necessary to navigate complex regulatory landscapes, thereby contributing to global economic stability and growth.

Policy and Development Division Page 1 of 5 Regulatory Policy The
Recognition and Approval of an Actuary under the Insurance Law (2004 Revision) 1.
Statement of Objectives To set out the criteria that the Authority will use for
determining whether to recognise or approve an actuary. 2. Introduction 2.1. The
Insurance Law (2004 Revision) (the Law) refers to actuaries in section 2, 7(6) and 10.
2.2. Section 2 of the Law provides the definition of actuary, it states: actuary means a
person who has qualified as an actuary by examination of the Institute of Actuaries in
England or the Faculty of Actuaries in Scotland or the Society of Actuaries in the United
States of America or Canada, and who is a current member of good standing of one
of the above professional associations or a person of good standing with
some other actuarial qualification who is recognised by the Authority as such for the
purpose of this Law; 2.3. Section 7 and 10 stipulate the reporting requirements of
licensees and for those licensed insurers writing long term business, certification
of the actuarially determined assets and liabilities must be provided by an actuary
approved by the Authority. Section 7(6) states Every insurer licensed under Class A
and Class B who is carrying on long term business shall, in addition to
subsection (4), prepare annually an actuarial valuation of its assets and liabilities, certified
by an actuary approved by the Authority, so as to enable the Authority to be satisfied
as to its July 2007

Policy and Development Division Page 2 of 5 solvency. Section 10
(1) (f) and Section 10(2) (d) further provide that if the insurer is licensed under Class
A for long-term business, an actuarial valuation of its assets and liabilities certified
by an actuary approved by the Authority, in accordance with section 7(6); must be
provided with its annual return. 2.4. The criteria applicable for the recognition of an
actuary under section 2 and the approval of an actuary for the purposes of section 7
and 10 and are as follows: 3. Requirements for Recognition To be recognised as
actuaries under the Law, the following minimum criteria must be met: 3.1. Where the
actuary is not a member of one of the professional associations listed in section 2 of
the Law, then the Authority may recognise the person as an actuary for the purposes of the
Law where; 3.1.1 The person has an actuarial qualification and is of good standing,
namely a member in good standing with some other professional association which
issues a code of professional conduct, and applies the code and education
requirements by means of a disciplinary process to its members, as described in 3.2,
3.3 and 3.4 below, or 3.1.2 If not a current member of a professional association as provided
for in section 2 and 3.1.1 above, the Authority may recognise persons with an actuarial
qualification issued by a professional association, as described in 3.1.1, provided that the
person is of good standing as evidenced by documentation to be submitted to the
Authority to be considered on a case by case basis. 3.2. Code of professional conduct
The code of professional conduct in place, should set the professional July 2007

standards by which the actuary is expected to abide, and all member actuaries should be required to know the current version of the code. In particular the code should include requirements that member actuaries:

- 3.2.1 perform professional services with integrity, skill and care, and fulfil professional responsibility to the client or employer,
- 3.2.2 shall not act against the public interest,
- 3.2.3 act in a manner to uphold the reputation of the actuarial profession,
- 3.2.4 perform professional services with courtesy and co-operate with others serving the client or employer, treating client information with confidentiality,
- 3.2.5 perform professional services only if competent and appropriately experienced to do so,
- 3.2.6 are responsible for maintaining applicable practice standards in their work, including any relevant guidance issued or endorsed by the actuarial body and the status of that guidance (eg mandatory, recommended practice etc.),
- 3.2.7 shall, in communicating professional findings, show clearly who is the source of the findings and confirm availability to provide the client or employer with supplementary information and explanation about scope, methods and data,
- 3.2.8 shall, in communicating professional findings, identify the client for whom these findings are made and in what capacity the actuary serves,
- 3.2.9 shall not perform professional services involving an actual or potential conflict of interest, unless the actuary's ability to act fairly is unimpaired and there has been full disclosure of the actual or potential conflict,
- 3.2.10 when asked to take on professional services previously provided by another actuary, shall consider whether it is appropriate to consult with the previous provider to ensure that it is suitable to take on this new responsibility, and
- 3.2.11 shall timely disclose, to the client in writing, all sources of income related to any service on behalf of a client.

July 2007

3.3.1 The actuarial body should subject its members to disciplinary procedures prescribed in the rules of the body.

3.3.2 Compliance with the code of professional conduct should be subject to the disciplinary procedures.

3.3.3 The disciplinary procedures should be consistent with the legal system of the home jurisdiction of the body, and include the right of appeal to any judgement passed.

3.3.4 The formal discipline process should include:

- a) a complaint process accessible to both anyone affected by a member's work and the member's professional peers.
- b) due process of defense available to the member complained against, and the member's rights are fully respected.
- c) an objective formal appeal process independent of the body that has ruled at the prior level.

3.3.5 There are available sanctions appropriate to the level of the offences committed.

3.4. Education Requirements The body must implement and maintain education requirements that match or exceed the educational requirements of the professional associations listed in section 2 of the Law.

4. Requirements for Approval

4.1. The certification of the actuarial valuation of assets and liabilities required by Section 7(6) and 10 of the Law, should be provided by an actuary approved by the Authority.

4.2. To be approved, the following criteria must be met:

4.2.1 The person must be an actuary as defined in section 2, including

July 2007

Policy and Development Division Page 5 of 5 persons recognised in accordance with 3.1.1 and 3.1.2 of this Policy, and 4.2.2 The person must have experience in the relevant line of business, and 4.2.3 The person must be in good standing with other relevant regulatory bodies, and 4.2.4 The person must not be in a position of actual or potential conflict of interest, unless the Authority is satisfied that the actuary's ability to act fairly is unimpaired and there has been full disclosure of the actual or potential conflict to the Authority. 4.3. Where an actuarial firm is used to certify the valuation, then to be approved the individual within the firm providing the certification must meet the criteria of 4.2 above. 5. Sanctions 5.1. If the Authority becomes aware that an actuary or actuarial firm no longer meets the criteria of this Policy, its actuarial reports may not be accepted by the Authority and it may prejudice the approval by the Authority of the actuary or actuarial firm to act on behalf of licensees in the future.