

[date]

[CEO]  
[insurer]  
[address]

Dear [name]

**[insurer]  
Appointed actuary thematic review**

Over the past few years the Reserve Bank has stated our intention to perform a thematic review of the appointed actuary regime. In March 2019 the Reserve Bank announced the commencement of this review. Our draft plans were discussed in public meetings, with industry bodies and other stakeholders. The feedback was useful and we have now finalised the plans for our thematic review. A summary is on our website at <https://www.rbnz.govt.nz/regulation-and-supervision/thematic-reviews/insurance-thematic-reviews/appointed-actuary-thematic-review>

The purpose of this letter is to advise that [insurer] has been selected for our thematic review, and to explain how we will conduct it.

**Objectives**

The objectives are to:

1. understand how the appointed actuary role works in practice for insurers, actuaries and supervisors; and
2. identify potential areas for improvement (e.g. policy changes or guidance) to make the role more effective.

**Overview of review**

We have selected 15 insurers to participate directly in the thematic review. The insurers cover a wide range of circumstances. In addition, we will meet with industry bodies and other stakeholders to obtain their views on whether the regime is working, and how it could be improved.

[insurers selected for in-depth review – delete paragraph if not applicable]

We have issued the attached section 121 notice to require information to support the review. This comprises a short survey for each insurer and their current appointed actuary, and a request for certain recent documents. This information is due by 7 June 2019.

[end of paragraph]

[other insurers – delete paragraph if not applicable]

We have issued the attached section 121 notice to require information to support the review. This comprises a short survey for each insurer and their current appointed

actuary, and a request for certain recent documents. This information is due by 7 June 2019.

[end of paragraph]

Between June and July we will be performing a desk-based review of the information supplied and other information we already hold. Meetings with insurers and appointed actuaries will follow between August and October.

We will have separate meetings with people in various roles at [insurer] that are relevant to the appointed actuary regime, as follows:

1. Introductory meeting – 30 minutes (ideally with CEO, CFO and Appointed Actuary);
2. Chief Executive Officer [or NZ CEO in the case of an overseas insurer] – 2 hours;
3. Chair of Audit and Risk Committee or equivalent and another independent director – 1.5 hours;
4. Chief Financial Officer and Chief Risk Officer or equivalent – 1.5 hours;
5. Alternate Actuary (if any) and Chief Actuary (if any) – 1 hour; and
6. Appointed Actuary - 3 hours;
7. Wrap-up meeting – 30 minutes.

At each meeting there will be some questions from us as well as an opportunity for you to provide open feedback relevant to the thematic review. We hope to hold these meetings over 2 days at your premises in [location] around August and September. We will be in contact soon to arrange these.

Once we have completed the meetings we will prepare and publish a report with general messages, and also provide feedback to you specific to [insurer]. We are aiming to do this in early 2020.

If there are suggested changes to our supervision or policy relating to the appointed actuary regime, these will need consideration as a separate exercise including any applicable consultation.

If you have any questions concerning this letter or the enclosures please contact Rupert Barber, Advisor, Industry Insights and Thematics on +64 4 471 3862 or by email at [Rupert.Barber@rbnz.govt.nz](mailto:Rupert.Barber@rbnz.govt.nz)

Yours sincerely

Richard Dean  
Manager, Insurance Supervision

Copy to: [appointed actuary], appointed actuary

Via email: [CEO email]  
[appointed actuary email]



## Insurance (Prudential Supervision) Act 2010

# Section 121 Notice Appointed Actuary thematic review [insurer]

[insurers selected for in-depth review – delete paragraph if not applicable]

The Reserve Bank of New Zealand (the Reserve Bank), under section 121 of the Insurance (Prudential Supervision) Act 2010 (IPSA), requires [insurer] to supply the Reserve Bank the information specified by [due date] and in accordance with paragraphs 1 to 4 below.

[end of paragraph]

[other insurers – delete paragraph if not applicable]

The Reserve Bank of New Zealand (the Reserve Bank), under section 121 of the Insurance (Prudential Supervision) Act 2010 (IPSA), requires [insurer] to supply the Reserve Bank the information specified by the due dates and in accordance with paragraphs 1 to 3 below.

[end of paragraph]

1. Information is to be provided using the Reserve Bank's insurer secure upload facility at <https://securexfr.rbnz.govt.nz/envelope/insurance-data-collection>, with submission type selected from the dropdown list as "Insurer thematic review".
2. The completed insurer survey form in Excel format that we have supplied at <https://www.rbnz.govt.nz/regulation-and-supervision/thematic-reviews/insurance-thematic-reviews/appointed-actuary-thematic-review#info>.
3. The completed appointed actuary survey form in Excel format that we have supplied at <https://www.rbnz.govt.nz/regulation-and-supervision/thematic-reviews/insurance-thematic-reviews/appointed-actuary-thematic-review#info>.  
This can be submitted to the Reserve Bank separately from the insurer survey.

[insurers selected for in-depth review – delete paragraph if not applicable]

4. The following documents, which must be searchable in Word, Excel or PDF formats:

4.1. for the period from 1 April 2018 to the date of this notice - all formal written advice by the appointed actuary (or the alternate actuary when acting as appointed actuary) to senior management or directors, but excluding the financial condition report and section 78 report; and

4.2. as at 31 March 2019 – the current engagement letter or position description for the appointed actuary, and any other internal documents (if any) on the role of the appointed actuary in relation to [insurer].

[end of paragraph]

Failure to comply with the requirements of this notice is an offence under section 121(6) of the Insurance (Prudential Supervision) Act 2010. The maximum penalty in the case of a breach by [insurer] is a fine of \$500,000.

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[date]

Richard Dean  
Manager, Insurance Supervision