

Notice No : MAS 319 (Amendment) 2013
Issue Date : 22 April 2013

NOTICE ON VALUATION OF POLICY LIABILITIES OF LIFE BUSINESS

Introduction

1. This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) and amends MAS Notice 319 on Notice on Valuation of Policy Liabilities of Life Business dated 24 August 2004 (“the Existing Notice”).

Amendments

2. The Existing Notice is hereby amended as follows:
 - (a) by deleting the word “registered” wherever it appears in paragraph 3, the definition of “life insurer” in paragraph 6 and the headings immediately before paragraphs 14 and 18 and substituting in each case the word “licensed;
 - (b) by deleting paragraph 2 and substituting the following paragraph:

“2 This Notice applies to any insurer (except a captive insurer) which is for the time being licensed under section 8 of the Act in respect of life business.”
 - (c) by deleting paragraph 5;
 - (d) by inserting the following definitions in paragraph 6:

““appointed actuary” means a person appointed under section 31(1)(b) of the Act;

“certifying actuary” means a person appointed under section 31(1)(c) of the Act”;
 - (e) by deleting, in paragraph 6, the words “,where applicable,”
 - (i) in the definition of “expected future payments”; and
 - (ii) in the definition of “expected future receipts”;
 - (f) by deleting paragraph 13 and substituting the following paragraph:

“13 Section 37(1)(a) of the Act requires an insurer to have an investigation made into its financial condition for each accounting period by an actuary appointed with the approval of the Authority. Such investigation involves the valuation of the insurer’s policy liabilities. Part II(ii) of this

Notice provide guidance on the information that should be disclosed when an actuary prepares the full actuarial investigation report.”;

- (g) by deleting paragraph 14 and substituting the following paragraph:

“14 A life insurer shall ensure that its appointed actuary or certifying actuary, as the case may be complies with paragraphs 15 to 17 of this Notice in the valuation of policy liabilities relating to life business of the life insurer.”

- (h) by deleting paragraph 17 and substituting the following paragraph:

“17 For the purposes of the Valuation Regulations, when calculating “non-guaranteed benefits”, an insurer shall include projected future allocations to participating policies by way of bonuses or dividends and to the surplus account of the participating fund. The level of non-guaranteed benefits assumed in the valuation shall take into account the policy assets of the participating fund and the insurer’s internal policy on bonus allocation.”

- (i) by deleting the words “Necessary steps should be taken” in paragraph 18 and substituting the words “An insurer should take the necessary steps”;

- (j) by deleting paragraph 21 and substituting the following paragraph:

“21 In determining the liability in respect of a policy relating to the life business of the insurer (other than the unit reserves of the investment-linked policy), an insurer should derive the value of expected future payments less expected future receipts using a discounted prospective cash-flow method.”

Commencement

3. This Notice shall take immediate effect.