Responsible Actuary and Actuarial Function

The German Responsible Actuary (Verantwortlicher Aktuar) is defined in the Act on the Supervision of Insurance Undertakings (Versicherungsaufsichtsgesetz, VAG). The Solvency II Directive defines the tasks of the Actuarial Function in Article 48.

The following table compares both actuarial roles:

	Responsible Actuary	Actuarial Function
Provisions	Certify at the end of the balance sheet that the premium reserve has been established in accordance with the Commercial Code (Handelsgesetzbuch)	Coordinate the calculation of technical provisions; ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions; assess the sufficiency and quality of the data used in the calculation of technical provisions;
Actuarial Assumptions	Calculate premiums in life insurance on the basis of reasonable actuarial assumptions (e.g. 1st order mortality basis) and sufficient to enable the insurance undertaking to meet all its liabilities, and in particular, to establish adequate premium reserves for the individual contracts	Calculate technical provisions on the basis of 2nd order actuarial assumptions; validate these 2nd order actuarial assumptions and assess whether these are suitable for future projections
Options and Guarantees	Assess whether options and guarantees are included in premium reserves according to Commercial Code in a sufficient way	Valuate explicitly for technical provisions
Financial Situation	Assess the financial situation of the undertaking, in particular with respect to whether or not the undertaking is in a position to fulfil its liabilities under the insurance contracts at all times	Provide actuarial methods for the valuation of MCR and SCR
Profit Participation	Submit to the management board proposals for suitable participation in the surplus	Appropriate implementation of management-actions when calculating the technical provisions and the capital requirements
Reporting	• Certify at the end of the balance sheet that the premium reserve has been established in accordance with Commercial Code • report to the management board of the undertaking the calculation basis and any additional assumptions upon which the certification is based • inform the management board and, if the board does not immediately remedy the situation, the Supervisory Authority without delay if circumstances will preclude the granting of a certification • Report to Supervisory Board	Report internally on the appropriateness of technical provisions, on the overall underwriting policy and on the adequacy of reinsurance arrangements

It is highly recommended to clearly regulate the relationship between both roles resp. functions:

- Even if the EIOPA guidelines do not comment on the design of the institute the responsible actuary under Solvency II, both roles must be performed comprehensively. For this purpose, an objective, reasonable and independent task performance is to be ensured.

- From the legal duties of the Responsible Actuary according to VAG, there are no conflict lines with the tasks of the Actuarial Function according to Article 48 of the Solvency II Directive. If the duties of the VA are limited to its statutory mandate, this function could be performed in personal union with the Actuarial Function.
- An organizational separation of the Responsible Actuary and Actuarial Function is not automatically necessary, neither between the Actuarial Function and the Risk Management Function. For an effective performance of the tasks the professional competence is of paramount importance. Especially for smaller and medium-sized insurance companies a doubling of these roles is difficult to realise. In addition, there are significant synergies in the individual areas of responsibility. If necessary, appropriate measures should be specified in order to counter the risk of potential conflicts of interest.
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