



Actuary's Report Regulation for Insurance Undertakings

(VU-AktBV; Versicherungsunternehmen-Aktuarsberichtsverordnung)

Full title

Regulation of the Financial Market Authority (FMA) on the report by the responsible actuary (Actuary's Report Regulation for Insurance Undertakings – VU-AktBV; Versicherungsunternehmen-Aktuarsberichtsverordnung)

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Preamble / Promulgation Clause

Based on Article 116 para. 3 of the 2016 Insurance Supervision Act (VAG 2016; Versicherungsaufsichtsgesetz 2016), published in Federal Law Gazette I No. 34/2015, last amended by federal act in Federal Law Gazette I No. 112/2015, the following shall be determined by Regulation:

Text

Note for the following provision

Shall first apply to the actuary's report for the 2016 financial year (cf. Article 5)

Definition of Terms

Article 1.

1. Reporting year: the financial year to which the actuary's report relates.
2. Existing portfolio: scales of premiums that are no longer offered for sale during the reporting year but for which there are still contracts in the portfolio.
3. New portfolio: scales of premiums being offered for sale during the reporting year.
4. Types of insurance in life assurance sector:
 - a) combined endowment and term life insurance, and endowment policies;
 - b) term life insurance including residual loan-debt insurance;
 - c) pension insurance;
 - d) state-sponsored retirement provision in accordance with Articles 108g to 108i of the 1988 Income Tax Act (EStG 1988; Einkommensteuergesetz 1988), Federal Law Gazette No. 400/1988, as amended by the federal act in Federal Law Gazette I No. 118/2015 (state-sponsored retirement provision);
 - e) unit-linked life assurance (excluding state-sponsored retirement provision);
 - f) index-linked life assurance (excluding state-sponsored retirement provision);
 - g) investment-oriented life assurance;
 - h) occupational pension group insurance;
 - i) occupational disability insurance (including additional benefits and disability insurance);
 - j) critical illness insurance (dread disease insurance);
 - k) nursing care insurance;
 - l) other insurance type.
5. Types of insurance in health insurance similar to life assurance:
 - a) medical costs insurance (in-patient and out-patient rates);
 - b) hospital in-patient expenses insurance;
 - c) sickness insurance;
 - d) nursing care insurance;
 - e) other insurance type.



6. Embedded option: A contractually agreed or statutory right of the policyholder, on one or several dates in the future, provided that certain conditions for the exercising of the option are fulfilled, to intervene in the insurance contract so that future payments, i.e. payments after the exercising of the embedded option, are changed in terms of their timing, amount or probability of occurrence. These shall always include redemption options, premium exemptions, pension options with guaranteed actuarial bases (particularly annuity valuation tables and assumed interest rates), guarantees of subsequent insurance upon marriage, death or birth of a child, long-term care pension options, partial disbursement options, capital options if pension insurance is postponed, deferment options, extension options, call-up options, index clauses or increases in the sum insured.
7. Accounting group: Portion of the entire insurance portfolio for life assurance contracts with profit-sharing entitlement, formed in order to be able to share profits according to the respective shares generated, and combining insurance contracts that, based on their structure, contribute to the profit in the same way.

Note for the following provision

Shall first apply to the actuary's report for the 2016 financial year (cf. Article 5)

Form of submission

Article 2. (1) The actuary's report should be submitted to the FMA electronically in portable document format (PDF) developed by Adobe Systems. The PDF document should be submitted without any restricted functionality.

(2) The audit opinion pursuant to Article 3 para. 3 item 3 should be signed by the actuary and submitted to the FMA in scanned form.

Note for the following provision

Shall first apply to the actuary's report for the 2016 financial year (cf. Article 5)

Structure of the actuary's report

Article 3. (1) The actuary's report must include a cover sheet, which should include the following data:

1. designation; Legal Entity Identifier code (LEI code); address; telephone number and website of the insurance undertaking;
2. name, e-mail address and telephone number of the responsible actuary;
3. name, e-mail address and telephone number of the deputy actuary;
4. segment ("life assurance", "health insurance similar to life assurance" or "accident insurance similar to life assurance");
5. date on which actuary's report was prepared;
6. reporting year.

(2) For life assurance and for health insurance operated in a manner similar to life assurance, the actuary's report must include the items listed in para. 3 separately and in the prescribed order. This structure should be applied analogously for accident insurance operated in a manner similar to life assurance.

(3) The actuary's report should be structured as follows:

1. General provisions

2. Analysis

- 2.1. Changes and new developments in the reporting year
- 2.2. Changes in the life/health insurance provision
- 2.3. Additional interest provision
- 2.4. Flat-rate provisions
- 2.5. Extraordinary allocations
- 2.6. Additional provision for state-sponsored retirement provision
- 2.7. Analysis of the technical result



- 2.8. Profit sharing including minimum assessment basis
- 2.9. Reinsurance
- 2.10. Other issues

3. Auditor's Report

- 3.1. Audit opinion and reasons
- 3.2. Signature of responsible actuary

4. Annex

- 4.1. Review pursuant to Article 92 para. 2 of the 2016 Insurance Supervision Act (VAG 2016; Versicherungsaufsichtsgesetz)
- 4.2. List of scales of premiums
- 4.3. Other issues

(4) If there are no entries for some of the items in para. 3 due to these being irrelevant, the items should be listed in the actuary's report followed by the comment "not applicable".

(5) The pages in the actuary's report should be numbered as "Page x of y", with x being the current page and y being the total number of pages in the report.

(6) The cover sheet should be directly followed by a table of contents listing the headings pursuant to para. 3 including the respective page numbers for each item.

Note for the following provision

Shall first apply to the actuary's report for the 2016 financial year (cf. Article 5)

Contents of the items

Article 4. The content of specific items pursuant to Article 3 para. 3 is defined as follows:

1. General (item 1.): General explanations and comments on the actuary's report should be included here.
2. Changes and new developments in the reporting year (item 2.1.): Any changes and new developments in the reporting year such as new scales of premiums, suspended scales of premiums, or the appointment of a new responsible actuary or deputy actuary should be detailed here.
3. Changes in the life/health insurance provision (item 2.2.): The development in the level of the life/health insurance provision pursuant to Article 152 VAG 2016 during the reporting year and for the previous four financial years should be detailed for each type of insurance pursuant to Article 1 nos. 4 and 5. The future development of the safety margins used in the actuarial bases should be assessed and justified, taking particular account of the expected capital income and the development of the average assumed interest rate. If the life/health insurance provision for the type of insurance "other insurance type" pursuant to Article 1 no. 4 lit. I accounts for more than 1% of the total life/health insurance provision, this should be noted here, and the scales of premiums included in the premium class "other insurance type" should be listed. It should be stated whether the life/health insurance provision takes account of future administrative expenses including commissions to the extent not covered by future premiums, whether the life/health insurance provision was calculated for each individual contract or for a group of contracts as a total or using a statistical approximation method (any statistical approximation method should be described in detail and justified) and whether the life/health insurance provision takes adequate account of the surrender values guaranteed contractually or by means of statutory provisions in life assurance, of any entitlement in the case of exemption from premiums, of any acquired entitlement on the part of policyholders to profit sharing and of the embedded options granted to policyholders.
4. Additional interest provision (item 2.3.): This item is only relevant in the case of life assurance. The actual values (in the event of overfunding) and the target values, the average guaranteed rates of interest and the life/health insurance provisions used in the calculation should be stated for the last three balance sheet dates and for the next balance sheet date. Particular aspects that need to be taken into account in order to subsequently double-check the target values should also be stated. The development in the additional interest provision should be analysed taking the future income situation into account.



5. Flat-rate provisions (item 2.4.): Where, in the case of general risks that cannot be allocated to individual contracts, flat-rate provisions are set aside as part of the life/health insurance provision, particularly for non-calculated embedded options pursuant to Article 1 no. 6, such flat-rate provisions must be reported separately and explained.
6. Extraordinary allocations (item 2.5): Any extraordinary allocations pursuant to Article 301 para. 5 VAG 2016 must be listed and explained.
7. Additional provision for state-sponsored retirement provision (item 2.6.): Any additional provision in relation to state-sponsored retirement schemes as defined in Articles 108g to 108i EStG 1988 that is established in accordance with the Additional Provisions Regulation for State-sponsored Retirement Provision (PZV-ZRV; Prämienbegünstigte Zukunftsvorsorge-Zusatzrückstellungs-Verordnung), Federal Law Gazette II No. 297/2015 as amended, must be detailed. In addition, the models and parameters used in the calculation must be described in detail and explained. Details must also be provided regarding the selection of the stock exchange, the volatility of which was used to calculate maximum loss pursuant to Article 3 PZV-ZRV, and the data source must be stated with regard to which the volatility levels applied or the data used to calculate such volatility were procured. If the volatility was calculated by the undertaking, the formula and data sets used in the calculation must be listed. The development in the level of the additional provision since the introduction of the scale of premiums should also be stated. The average percentage of the equities portfolio with regard to state-sponsored retirement provision plans that was hedged in the reporting year is always to be stated. This average is calculated using the arithmetical mean of the degree of hedging at each month-end during the reporting year. The lowest level of hedging as of which the creation of an additional provision is required pursuant to PZV-ZRV should also be stated. The calculation of this limit value should be shown. The smallest loss in value of the equities in the state-sponsored retirement provision portfolio as of which the creation of an additional provision pursuant to PZV-ZRV is required should also be stated. The calculation of this limit value should be shown. Any external capital guarantees or hedging measures should be explained. The term should be stated explicitly, as well as the possibilities for extending the policy.
8. Analysis of the technical result (item 2.7.): The individual sources of income, such as mortality rate of beneficiaries, interest income, additional income (comparison of accounted and actual costs) should be listed, described in sufficient detail and backed up with the figures for the reporting year. The technical account balance for the reporting year should also be stated. The development of the technical account balance should also be analysed in detail for the reporting year and previous four financial years, with particular focus placed on the reasons for a lower balance in the reporting year compared with the previous financial year where applicable.
9. Profit sharing including minimum assessment basis (item 2.8.): The current profit sharing for the insurance contracts with profit-sharing entitlement, broken down into accounting groups and any sub-divisions of accounting groups, should be set out in detail. Information is also required on the facts and assumptions used to justify the level of profit sharing. The amount of all items in the minimum assessment basis pursuant to the Life Assurance Profit Sharing Regulation (LV-GBV; Lebensversicherung-Gewinnbeteiligungsverordnung), Federal Law Gazette II No. 292/2015 as amended, and of any direct credits should be stated. The derivation of all items, particularly the allocation scheme, should be explained. Also to be included are the declared absolute level, the creditable direct credits and the creditable overfunding pursuant to Article 3 LV-GBV, as amended, for the last ten years. All accounting groups must be listed with an indication of whether they are to be taken into account for the purposes of the minimum allocation. Information is also required on whether there are accounting groups that are not covered by the LV-GBV, as amended, but for which the profit sharing is effected through the provision for participation in profits and/or bonuses in life assurance. The declared current profits and stipulated final profits, as well as any accrued interest rate, with a note of the allocation year, must be stated for each accounting group. In life assurance, the development (starting balance, allocations, withdrawals, final balance) of the provision for bonuses and/or policyholders' participation in profits (Article 144 para. 3 D. V. VAG 2016) should be reported, broken down into:
 - a) already declared current profits;
 - b) already determined but not yet allocated final profits;
 - c) the final profits fund; and
 - d) and unallocated profits.



With regard to health insurance operated in a manner similar to life assurance, detailed information is required on the development of the provisions for bonuses.

10. Reinsurance (item 2.9.): Comments should be included on the reinsurance result. In particular, information is required on whether the result was positive or negative during the reporting year. Furthermore, it should be stated whether the insurance requirements have been adequately taken into account.
11. Other (item 2.10.): Other relevant disclosures and notable incidents that are not listed under any of the other items should be included here.
12. Audit opinion and reasons (item 3.1.): The audit opinion shall be prepared pursuant to Article 116 paras. 5 to 7 VAG 2016, using the following formulations:
 - a) If the audit opinion is issued as an unqualified opinion, the following formulation should be included: "The audit opinion is issued as an unqualified opinion." This formulation may not be limited in any way.
 - b) If the audit opinion is issued as a qualified opinion, the following formulation should be included: "The audit opinion is issued as a qualified opinion."
 - c) If the audit opinion is withheld, the following formulation should be included: "The audit opinion is being withheld."
13. Review pursuant to Article 92 para. 2 VAG 2016 (item 4.1.): If the insurance undertaking offers state-sponsored retirement provision schemes pursuant to Articles 108g to 108i EStG 1988 without an external capital guarantee, the result of the review of the suitability of the model and the parameters used pursuant to Article 92 para. 2 VAG 2016 must be set out.
14. List of scales of premiums (item 4.2.): A list must be provided of at least all scales of premiums that were either on sale during the reporting year or for which valid insurance contracts are still included in the portfolio, broken down into the types of insurance defined in Article 1 nos. 4 and 5. The following disclosures are required for each scale of premiums: designation of scale of premiums, type of insurance, submission or approval date, new or existing portfolio, sale start date, expiry date for sales (for existing portfolio), accounting group, biometric bases (particularly mortality tables, annuity valuation tables, burning costs tables, invalidity probabilities), to be taken into account when calculating the additional interest provision, to be taken into account when calculating the minimum assessment basis, other statistical data used, assumed interest rate, cost rates used to calculate the life/health insurance provision (all cost rates quantified), zillmerisation rate and life/health insurance provision as a percentage of the total portfolio.

Entry into force

Article 5. This Federal Act shall enter into force on 1 January 2016 and shall first apply to the actuary's report for the 2016 financial year. The actuary's report for the 2015 financial year should be submitted to the FMA in accordance with the Actuary's Report Regulation, Federal Law Gazette II No. 228/2005, in the version of the Regulation as amended in Federal Law Gazette II No. 398/2013.