



**A.D. GUPTA**  
**Consulting Actuary**  
**Delhi, India**

**Changing Risks, Expecting the Unexpected**

***17<sup>th</sup> Global Conference of Actuaries & 2015 AGFA***

***2<sup>nd</sup> & 3<sup>rd</sup> February, 2015 Mumbai - India***

# SCHEME ACTUARY SESSION

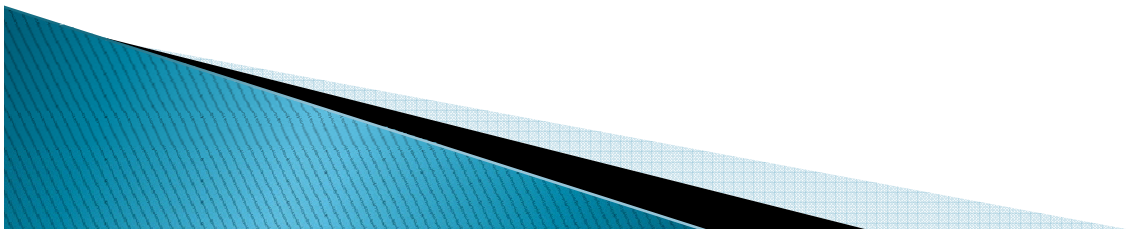
- This presentation is limited to Practicing / Consulting Actuary provisions only. The Scheme Actuary system is not prevalent in India.
- ❖ The following topics would be taken up.
  - ❖ Regulations
  - ❖ Actuarial / Business
  - ❖ Professional Issues



# REGULATIONS

- ▶ The relevant regulations governing the profession are as under:

**1. Actuaries Act 2006 (ACT):** Clause 2(1) of the Act list the qualifications required to be called “Actuary”. Clause 9 of the Act empowers the IAI to issue the COP in this regard subject to conditions. As per Section 2(2) of the Act an actuary can act individually or in partnership with Actuaries in Practice or an employee of a Company and perform the functions given therein.

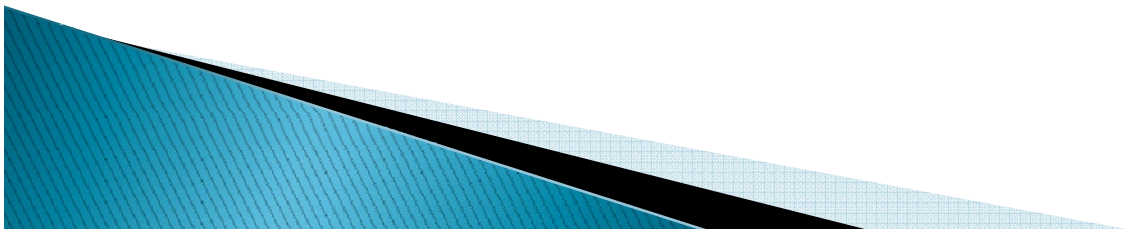


# REGULATIONS

**2. Professional Conduct Standards (PCS);** It lays down the various Standards to be adhered to by the Scheme Actuary / Consulting Actuary.

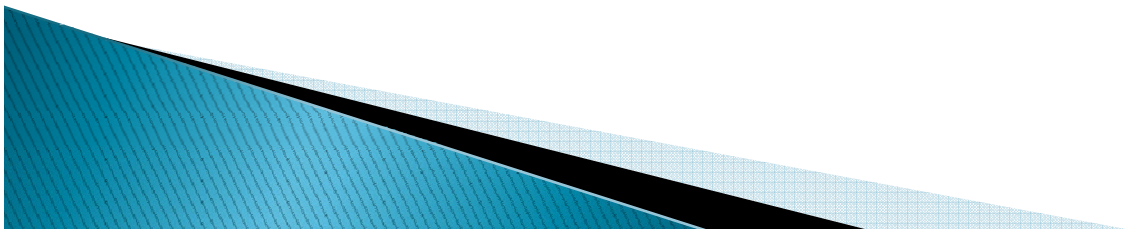
**3. Guidance Notes (GNs) / Actuarial Professional Standards (APS):** These have been issued to help the Actuary in performing actuarial functions.

**4. Accounting Standards (AS):** The Actuary is required to adhere to the provisions contained in these standards especially pertaining to valuation of liabilities of employee benefits.



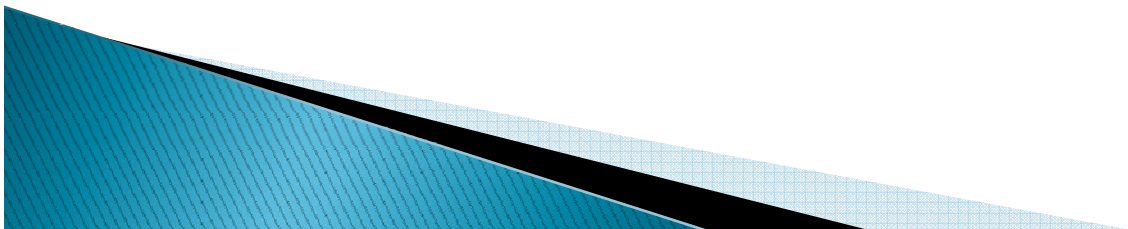
# ACTUARIAL / BUSINESS

- ▶ Most of the consulting actuaries are carrying out the actuarial valuation of Employee Benefits for the Companies as per Accounting Standard-15. Apart from these valuation of liabilities of the Companies towards warranties, Credit/reward/loyalty Points etc. is also valued.



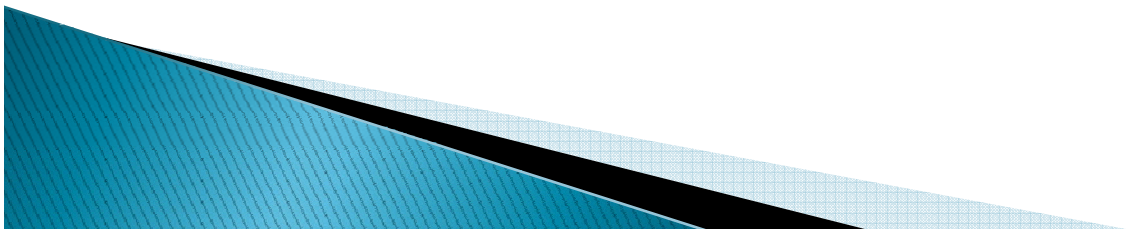
# PROFESSIONAL ISSUES

- ▶ There are a number of professional Issues those need to be considered are as under:
- ▶ 1. The actuarial values given by two or more actuaries differ widely.
- ▶ 2. Incomplete Reporting of values.
- ▶ 3. The word “Assignment” could be interpreted differently & hence actuaries need clarification.
- ▶ 4. Guidance provided through GNs/APS at times considered insufficient.



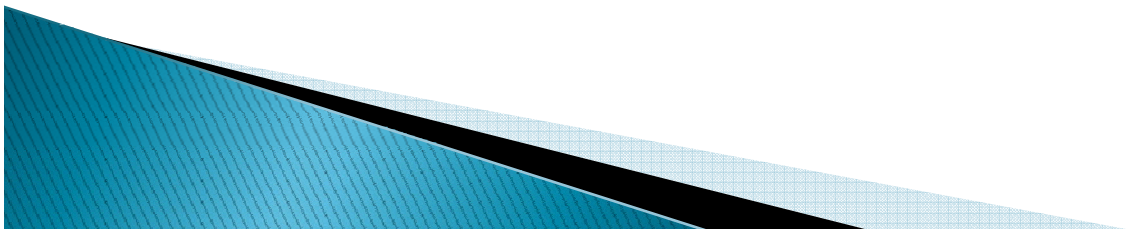
# PROFESSIONAL ISSUES

- ▶ 5. The appointment of the actuary in most cases is not by the top management or statutory and as such it is not binding on the company in any way. Engagement in valuations of gratuity, Leave Encashment, Pension, post-retirement medical benefit etc. at times are verbal and no formal appointment letter is issued. Enterprises are free to change the actuary for next valuation, which may be quarterly/half-yearly or annual.



# PROFESSIONAL ISSUES

- ▶ 6. Accounting Standards require valuation once in 3 Years whereas the Accounts are closed annually. Moreover the involvement of actuary annually is not mandatory but optional.
- ▶ 7. Many PSU's call annually quotes for the valuations. It creates difficulty in complying with Actuaries Act & professional standard provisions.





**THANK YOU !!!**

