

WITHDRAWAL OF APN103

Introduction

The Life Assurance Committee has considered the appropriateness of APN103 in light of the implementation of SAM and the changing role of the Statutory Actuary to the Head of the Actuarial Function.

APN103 is withdrawn effective 1 July 2018.

The decision was informed by the following factors:

- The inclusion of the Statutory Actuary's report in the annual financial statements has not been a requirement for South African long-term insurers since 2012 as a result of changes to the Companies Act.
- The Prudential Standards require the Head of the Actuarial Function to provide advice to the Board and senior management on, among other matters, financial soundness. Thus the requirement to certify financial soundness falls away.
- The Prudential Authority (Section 46(2) of the Insurance Act) may prescribe additional statements that must be included in the annual financial statements of an insurer after consultation with any relevant regulatory authority.
- Disclosures requirements are also being driven by the needs of the users of the financial statements, which has seen some innovation and departures from the strict content of APN103.
- The envisaged disclosures under IFRS17 will provide much more comprehensive reporting than APN103.
- The following is included in SAP104:

Financially sound condition

The ability of an insurance company to pay dividends, reduce shareholders' equity or to write new business is dependent, amongst other things, on the insurer's ability to maintain a financially sound condition at all times as required by the Insurance Act (2017). As a result, insurers should calculate and publish the prudential financially sound condition. Details of the

calculation of the solvency capital requirement and eligible own funds are contained in Prudential Standards issued by the Prudential Authority.

Disclosures

The actuary responsible for reviewing the published reporting basis should provide an opinion to the board of directors on the disclosure contained in the financial statements. In particular relating to the published reporting liability valuation method and assumptions as well as the assets methods and assumptions. The opinion should consider if the disclosure contains sufficient information as well as the accuracy of the information.

While the Life Assurance Committee envisages that many insurers may wish to continue the current practice, doing so is voluntary and therefore it was considered appropriate to withdraw APN103 once SAM becomes effective.

The current version of APN103 can be retained on the Actuarial Society website for references purposes.