

**REGULATION ON ISSUING THE LICENSE TO ENGAGE IN ACTUARIAL
ACTIVITIES, STANDARD VALUATION OF ACTUARY, EXAMINATION AND
REPORTING BY ACTUARY**

ONE. General provision

- 1.1 The purpose of this regulation is to regulate the relations that may arise out of or in connection with issuing the license to engage in actuarial activities, standard evaluation of actuary, examination and reporting by actuary.
- 1.2 This regulation shall be complied within the scope of the law on Insurance and guidelines and regulations issued by Financial Regulatory Commission (hereinafter referred to as "Commission").

TWO. Issuance of right to engage in actuarial activities

- 2.1 The Commission shall issue the license to engage in actuarial activities to a Mongolian citizen, foreign national and stateless person (hereinafter referred to "Body") who has met the following requirements:
 - 2.1.1 qualified in economics, finance, math and econometrics or completed the higher education institution in aforementioned qualification;
 - 2.1.2 completed special training course for actuary;
 - 2.1.3 obtained license to engage in actuarial activities in abroad;
 - 2.1.4 those who have met the requirements set forth in the first 2 stage of the "training curricula for actuarial courses" which was approved as the attachment to this regulation (*this sub-provision was amended by Resolution No.41, dated March 13, 2008*).
- 2.2 Any body who wishes to engage in actuarial activities shall submit his/her application along with documents, which certify the requirements set forth in provision 2.1 of this regulation are met, to the Commission.
- 2.3 The Commission shall issue the license to engage in actuarial activities to the body who has met the requirements set forth in provision 2.1 of this regulation in the following functions:
 - 2.3.1 long-term insurance
 - 2.3.2 general insurance
- 2.4 Any person, who has issued the license to engage in actuarial activities shall mobilize and pay the regulatory service fees to the Commission every year.

- 2.5 In case the actuary has worked for 5 years in the field and considered to be specialized in the areas provided in provision 2.3 of this regulation, and certified actuary license shall be issued (*this provision was amended by Resolution No.41, dated March 13, 2008*).

THREE. Standard evaluation of actuarial activities

- 3.1 An actuary shall follow the following standard evaluation in the activities:
- 3.1.1 estimate the insurance premium based on insurance evaluation;
 - 3.1.2 estimate the reserve fund for insurance and solvency requirement for an insurance company;
 - 3.1.3 estimate at the end of the financial year the financial obligation and compensation incurred due to insurance policies;
 - 3.1.4 estimate the changes made to obligations of insurer in connection with insurance funds and related indicators for the financial year;
 - 3.1.5 estimate the premium rate for the new product developed by the insurer;
 - 3.1.6 In order to ensure financial stability, he/she shall assess the potential risks and complete the economic and mathematic estimation based on solvency level of the insurer.

FOUR. Examination and reporting by actuary

- 4.1 Actuarial examination shall be done on the insurance company not less than once in every two years in accordance with operational standards set forth in Section 3 of this regulation.
- 4.2 Actuary shall reflect the sufficiency of equity, profitability, sensitivity to risks, sufficiency of reserve funds and accuracy of insurance premium, when he/she does the examination on operations of insurance company and evaluation on its financial status.
- 4.3 Actuary shall submit the conclusion that he/she arrived on the company and examination report to the Commission within 30 days of completion of the examination.
- 4.4 The Commission shall accept the examination report of actuary of the particular company and may get clarifications from the actuary if required.

FIVE. Suspension and revocation of the license to engage in actuarial activities

- 5.1 The Commission shall suspend the license to engage in actuarial activities in the following grounds:

- 5.1.1 if it was identified that the license was obtained by compilation of false documents;
 - 5.1.2 if it was identified that actuary drawn a conclusion in the interests of insurer;
 - 5.1.3 in case the state inspector of Commission asked number of times to take corrective actions for poor performances of actuarial activities;
 - 5.1.4 failure to mobilize the regulatory service fee on a timely basis;
- 5.2 The license to engage in actuarial activities shall be suspended for the following periods:
- 5.3.1 up to 6 months as set by the Commission;
 - 5.3.2 until the fulfillment of tasks with timeline and binding notices given by the Commission;
- 5.3 The Commission shall revoke the license to engage in actuarial activities in the following grounds:
- 5.3.1 if the actuary with a license to engage in actuarial activities made a request;
 - 5.3.2 poor performances of actuarial activities and for violation of the law on insurance and applicable legislation and regulation package;
 - 5.3.3 failed to take remedial actions for the suspended period.
- 5.4 The Commission may restore the license to engage in actuarial activities if the tasks and binding notices given were fulfilled for the suspended period.

SIX. Liability

- 6.1 The Commission shall ensure oversight over the implementation of this regulation and impose the liability to a body, which has violated, in accordance with legislation.