

All Members

October 2007

Dear Member

GN5: The prudential supervision outside the UK of long-term insurance business

You may recall that, in July 2007, an exposure draft (EXD 73) was published proposing amendments to GN5 *The prudential supervision outside the UK of long-term insurance business*. GN5 is one of the Actuarial Profession's Guidance Notes which remained with the profession when responsibility for the majority of Guidance Notes (GNs) was transferred to the Board for Actuarial Standards (BAS) in May 2006.

The Life Board is grateful to those who offered comment on the exposure draft and, having considered responses, has further amended the GN, particularly to ensure clarity regarding its application. Version 3.1 of GN5 is available on the profession's website at www.actuaries.org.uk/files/pdf/map/GN05V3-1.pdf and will come into effect on 1 December 2007.

A track changes version, showing the changes between version 3.0 and version 3.1 is available at www.actuaries.org.uk/files/pdf/life_insurance/GN05V3-1tc.pdf.

All actuaries who are resident outside the UK were recently given the option to nominate another full International Actuarial Association body, to which they belong, as their primary professional regulator rather than remain fully regulated by the Faculty or the Institute. From this month, when this new status comes into effect, any actuary who has decided to be regulated by another IAA body will be required to follow that body's standards and be subject to their disciplinary process rather than those of the UK. Any such "partially regulated" members who make this clear in the relevant letter of engagement and who use the professional designations of the relevant IAA body and not of the Faculty or Institute are not required to follow GN5 but they are still covered by the PCS; further details of those members to whom GN5 applies are set out in the Application paragraph of the GN.

Yours sincerely

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