Insurers' Actuaries and Climate Change

The duties of insurers' actuaries, as well as involving potential sanctions on the actuaries for non-compliance, also inform the requirements of the fiduciary duty.

Here are 3 examples of these duties, taken from *Guidance Note 1: The Prudential Supervision in the UK of Long-Term Insurance Business*, issued by the UK's Institute of Actuaries and Faculty of Actuaries:

Requirement to consider radically different future circumstances

> **The appointed actuary must also consider the implications for the insurer and for policyholders if future economic, demographic or business circumstances were to be radically different from those of today, particularly where the policy contains guarantees[1].**

Requirements on deteriorating solvency

> **In particular, appointed actuaries must advise the insurer of the actions that could be taken if the solvency of the insurer were to deteriorate, as a result of factors either within or outside the control of the insurer. This advice must include details of the options available as the probability of failure to meet liabilities to policyholders progressively increases and must also refer to the desirability of having documented plans and processes for dealing quickly and effectively with the situation were it to arise[2].**

Requirement on appropriateness of investment policy

> **…The appointed actuary must judge and decide whether the investment policy pursued by the directors is, or could become, inappropriate having regard to the nature and term of the insurer's liabilities. If this is the case, the appointed actuary must advise the insurer of the constraints on investment policy necessary to protect the position of policyholders[3].**

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[1] GN1, para 4.6.
[2] GN1, para 6.2.
[3] GN1, paras 6.3 and 6.4.