

Saudi Arabian Monetary Authority

HEAD OFFICE

General Department of Insurance Control

التاريخ: 1439/03/26 هـ

الموافق: 2017/12/14 م

Medical Expenses Insurance,

Pricing Adequacy Report 2017

الرقم: ت.ع.م/201712/142

المرفقات: Appendix 1

Circular

With reference to SAMA Circular "Medical Expenses Insurance – Actuarial Pricing 2017", dated 14 Aug 2017, SAMA requires all insurance companies writing Medical Expenses Insurance business to submit a 'Pricing Adequacy Report', as mentioned in Clause 3 ("Discretionary Reductions in Premium for specific quotations") of the above circular.

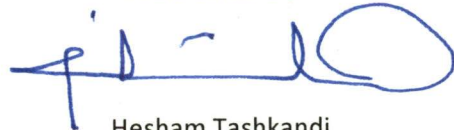
At a minimum, the report should meet the following requirements:

- The analysis should cover all policies issued/renewed during the year 2017 with the policy effective date in 2017.
- Companies must provide the Appointed Actuary with all data or other information required by the Actuary in order to produce the report. Data must be provided in the format required by the Actuary.
- Any deficiencies in the data used for the analysis should be clearly mentioned in the report.
- It is expected that each insurance company will be able to carry out this analysis at a level of granularity aligned with the Appointed Actuary's pricing analysis. For the purpose of this report though, it is also acceptable to produce the results of the above analysis at an aggregate level aligned with the segments used by the Appointed Actuary for Claims Reserving.
- For each segment analysed, the report should mention the 'selling price' and the 'technical price' at an aggregate level for that segment, where 'technical price' is defined as the price determined using the actuarial basis applicable at the time of issuing/renewing the policy. Both prices should include the same components, i.e. risk premium, commissions, expenses, profit margin, etc. in order to avoid any distortions to the comparison made.
- Assumptions (if any) used in the above analysis should be clearly mentioned in the report, along with their justification.
- The report should be signed jointly by the Chief Underwriting Officer (or equivalent) and the Appointed Actuary.

SAMA expects that the above report, excluding any appendices, will not exceed five pages. The Excel template attached as Appendix 1 should be submitted along with the report.

The above report and Excel template should be submitted to SAMA by 25th January 2018.

Yours sincerely



Hesham Tashkandi

Director General of Insurance Control