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INDIAN ACTUARIAL PROFESSION
Serving the Cause of Public Interest



21st Global Conference of Actuaries

17th - 19th February 2020 | Mumbai, India



21st Global Conference of Actuaries (GCA) & Actuaries: Striving for excellence, creating sustainable future. Actuarial Gala Function and Awards (AGFA 2020)

17th - 19th February, 2020
Mumbai, India

Celebrating 75 years of Indian Actuarial Profession

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In continuation of our advertisement in August, 2019, applications are invited, for the post of full time 'Appointed Actuary' from the candidates who are ordinarily resident in India, as per IRDAI (Appointed Actuary) Regulations, 2017.

The application of candidates, who had applied in response to our August, 2019 advertisement, shall be considered for this exercise.

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Emoluments and Benefits	Negotiable. Please Indicate your expectations
Duties and Obligations	As per IRDAI (Appointed Actuary) Regulations, 2017 and amendments/ modifications, if any
Place of Posting	New Delhi
Selection Procedure	Interview. The employment will be on contract basis.
How to Apply	Application complete with a details of past work experience, recent photograph and copies of requisite certificate/documents should reach the following address on or before 20.01.2020. Dy. General Manager(P), The Oriental Insurance Company Limited "Oriental House", Head Office, A-25/27, Asaf Ali Road, New Delhi-110002 Email id. arvindsaxena@orientalinsurance.co.in The envelope should be super-scribed in the top corner "OICL - Appointed Actuary".

General Instructions:

- Company reserves the right to reject any Application without assigning a reason
- The decision of the Company will be final and binding in all the matters.
- In case it is found at any stage of recruitment that the candidate does not fulfil the eligibility criteria and/or he/she has furnished any incorrect/false/incomplete information or has suppressed any material fact(s), the candidature will stand cancelled. If any of these shortcomings are noticed even after appointment his/her services are liable to be terminated forthwith. Before applying for any post, the candidate should ensure that he/she fulfils the eligibility and any other norms mentioned in this advertisement. The decision of the Company in respect of the matters concerning eligibility of the candidate, the stages at which such scrutiny of eligibility is to be undertaken, the documents to be produced for the purpose of conduct of interview selection and other matters relating to recruitment will be final and binding on the candidate.
- The Company shall not entertain any correspondence or personal enquires. Canvassing in any form will disqualify the candidate.
- Appointment will be subject to approval of Insurance Regulatory Development Authority of India

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"A noble man's thoughts will never go in vain. -Mahatma Gandhi."

"I hold every person a debtor to his profession, from the which as men of course do seek to receive countenance and profit, so ought they of duty to endeavour themselves by way of amends to help and ornament thereunto - Francis Bacon"

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Last two months have been extremely hectic on both business and professional front. However, I managed to take out some time and attend the two major events of the Actuarial profession viz. 22nd Asian Actuarial Conference hosted by Singapore Actuarial Society, held in Singapore from 22-24th October, 2019 followed by International Actuarial Association (IAA) Council and Committee meetings held in Tokyo on 18-22nd November, 2019.

Institute of Actuaries of India is a Full Member of International Actuarial Association (FMIAA) since 1979. We are also member of Asian Actuarial Congress (AAC). The AAC represents group of 12 actuarial bodies in Asia deals with subjects closer to Indian context, hence representation and consultation with regional Actuarial organizations are very important in order to integrate Indian Actuarial Profession to the rest of world.

The theme for the 22nd AAC was “Crazy Responsive Actuaries - taking Action to secure the Future”. The event was attended by over 700 Actuaries from across the world. Me and Mr. Richard Holloway, Vice President of IAI represented the Indian Actuarial Profession in AAC. It was a wonderful occasion for us to meet Presidents and other dignitaries of various Actuarial Associations across the Globe and explore common opportunities.

I was very pleased to see a good number of the IAI members from various parts of the world who came to attend the AAC. The 21st GCA marketing Video was played in AAC during the break to enhance awareness about the GCA event.

There was wide coverage of topical Issues covered over 40 plus presentations. The Key note was an interesting topic on “Rejuvenation Biotechnology- the End of Extrapolation”. Dr. Aubrey de Grey made a presentation on “longevity in 21st century -When Medicine Trumps over Extrapolation”. This was an eye opener presentation covering research into how the longevity increase by around 30 years by fixing various damage in human body like Cell Loss by replacing using stem cells, division obsessed cells by Reinforce using telomere Control, death resistance cells remove by using suicide genes, intracellular waste products remove by using foreign enzymes, extra cellular waste products remove using immune system etc.

I chaired an Interesting Session in Life and Health Section: (1) Understanding the Challenges of Ageing population-meeting needs of our future customers by Yosuke Fujisawa (2) Insights of Ageing Policies in a Few super Aged Countries- be responsive to secure the opportunities by Joey Zhou (3) Disability Income - Crazy Rich products by Yan Sun.

The message for us in India is very clear; the ageing population problem is real. The risk of living longer is much higher than the risk of dying early. The society as a whole has to be prepared how do we deal with this problem, given all constraints that we face in India. The government, Insurance companies and Profession has a significant role to play in this area.

The other presentation that I liked the most and is very topical was “How AI and other technologies are changing the work of Actuaries” by Andrew Peterson from SOA.

Richard and me had a very interesting meeting with Andrew Peterson from SOA to discuss how IAI and SOA can collaborate and build on the strength of the two Big Brands in the Actuarial Profession for the benefit of the members and public at large. I will share more about this topic in my forthcoming columns.

The best part of the event from our perspective was receiving the “Platinum Jubilee Plaque from IAA” during the Gala dinner function. It was a proud moment for us to receive this plaque from Mr. Masaki Yoshimura, Immediate Past President of IAA.

Let me now just share my experience with IAA Council and committee meetings in Tokyo. This was a fantastic

opportunity for me to represent the Indian Actuarial Profession at IAA. IAA gave a special batch to first time attendees for other attendees to identify. The IAA, currently representing 70000+ actuaries in 115+ countries meets almost twice in a year to deliberate their agenda on all emerging issues related to Actuarial profession and to serve the cause of public interest. This was my first experience to attend the Council meeting of IAA as a council member.

The President of IAA chaired a special breakfast meeting with the first time attendees and made a brief presentation about the IAA structure and the way proceedings of Council and committee meetings happens. I could also meet Presidents of many Actuarial Institutes/ Associations across the world.

The Presidential town hall held on 18th Nov introduced officers, Executive Committee, Chairs of various committees and also first time attendees including us. The Renewal Task Force (RTF) constituted for the purpose of renewal of the governance and governance structure of IAA has come out with key issues to be addressed by the meeting. Key principles were presented to the town hall for approval. The new governance structure, Agreed key principles and Operations structure also presented their proposals.

One of the proposals that came for decision during the town hall was; what do we call the region beyond Europe, US and Canada. Finally it was approved this to be called as rest of the world (ROW). From IAI perspective we will form a part of the ROW. Detailed presentations and discussions on Nominations in members' forum, Climate risk initiative, and Japanese life longevity were very useful and thought provoking.

The new President Ms. Tonya Manning took over as the New President replacing Mr. Gabor Hanak. During the Council meeting in any other item, I took the opportunity to Invite all IAA member association to attend the 21st Global Conference of Actuaries scheduled in 17-19 Feb, 2020.

One thing that worth to notice was that at least 3-4 members from even smaller associations attend these meetings. Given that we are now over 450 qualified actuaries in India, I believe we must have at least 4 representatives from IAI in the IAA Meetings and contribute to the profession in global arena.

In the home front, 21st GCA preparations are progressing very well. The GCA organizing group is working in full stream while I was holding the fort at IAA and AAC. The Portal for 21st GCA is likely to be launched pretty soon for registration.

We have received overwhelming response from the

companies for partnership in 21st GCA given the value their respective brand obtained. We still have a few partnerships available and will encourage you to enquire with Ms. Binita Rautela at marketing@actuariesindia.org and take this up with your company.

There are many more initiatives in the pipeline. IAI is taking all progressive steps to ensure high morale of its members and explore all possible opportunities to grow the profession.

The Amendment to the IAI (Transaction of the Business at meeting of Council) Regulations, 2011 has been notified by the government on 22nd November, 2019. This will help the council and committee meetings to be attended via video conferencing and allow participation through video conferencing to be counted for the purpose of quorum of the council meeting. This will help IAI to reduce the travel cost and make business at the meeting more efficient.

There were 3 important seminars held in the month of November 2019., viz., 4th Seminar on Data Science and Analytics(2nd Nov) , 4th Capacity seminar on IFRS17 (6th Nov) and 2nd Capacity building seminar on Enterprise Risk Management (13th Nov). Allowing a break of three weeks in view of November 2019 examinations, there are three more seminars lined up, starting from India Fellowship Seminar (IFS) on 5-6th Dec. The 7th Capacity building on Health Insurance (13th Dec) and 15th seminar on current issues on Life insurance (19-20th Dec) are lined up.

The Council has approved the proposal to go ahead with preparing IAI course materials for all subjects and the required budget has also been approved. The project has started with preparation of CS1B and CS2B material which is likely to be completed before the next round of examinations. A series of R webinars conducted for members of the profession and was widely accepted by all irrespective of examination requirement. "Meet the expert program" webinars meant for students appearing for all higher level subjects were also utilized by many. I appreciate the volunteer ship and contribution by all "experts" who have wholeheartedly supported the event.

We had constituted a task force to look at the Practices followed by various governments with regards to the "Government Actuary Department (GAD). I am pleased to share with you that the report of the Task force has been submitted to IAI. The report will be presented to the Government soon. I would like to convey my sincere thanks to the Task Force.

I would like to sign off now with promise to share progress on various fronts in next message.

President's visit to Singapore (Asian Actuarial Conference) & Tokyo (International Actuarial Association Meeting)



"What the new year brings to you will depend a great deal on what you bring to the new year."

A Happy New Year to all the readers of Actuary India! Another year of growth and learning has flown by, and I hope the readers echo the sentiment. After all, this is a profession which drives Continuous Professional Development. On the profession's front, it is very heartening to see some very active discussions on wider areas reflected in seminars, article submissions and experience sharing by members.

The 4th Capacity Building Seminar in IFRS17 was held in November. Among other important sessions on latest IFRS17 amendments, onerous contracts, reinsurance, discount rate setting in the Indian context and high level impact assessment for the Indian market, there was also an update session from the International Accounting Standards Board (IASB). It was good to hear directly from the IASB of the thinking behind the standard or the investor perspective, status of worldwide adoption, and the review of industry feedback. The IASB aims to issue the final amendments on the standard by mid-2020. Presently, effective date stands at 1 January 2021 although a deferment to 1 January 2022 is likely. Of course, it remains to be seen how the timelines pan out in India and whether there is any possibility of alignment with a new proposed capital framework.

Wider industry discussions at seminar forums are helping industry appreciate the nuances of the standard. And I think we can all agree with the view of the IASB Vice- Chair that the advent of the IFRS17 standard is something that is likely to significantly benefit the careers of actuaries and accountants in the years to come. Neither of these take away from the fact that implementation and operationalization of the standard would require mammoth effort over the next few years and could have business implications wider in scope than we envisage today.

Detailed coverage of the seminar is included in this issue.

The 4th Seminar on Data Science and Analytics was held in Gurugram with sessions covering the applications of predictive modelling and analytics in life insurance, banking, healthcare, and even the retail sector, to aid



business and manage risks. Data is after all, the new oil! Coverage of this event and the Enterprise Risk Management (ERM) Seminar and India Fellowship Seminar (IFS) Seminar, held in November and December respectively will be included in the next issue.

Climate change has caught the interest of people across the globe and rightly so. In the UK, the insurance regulator had issued a supervisory statement asking firms to embed the consideration of the financial risks from climate change into their governance arrangements. The gamut of risks to be assessed in risk management frameworks is expanding rapidly. In the next few issues, I will aim to share interesting pieces of news from around the globe relating to the actuarial field and innovation in the actuarial space.

I hope readers have started registering for the 21st GCA on the IAI website. I expect the AGFA scheduled for 17 February 2020, to be as usual, a vibrant event celebrating success and togetherness. This year, we will also see special merriments to mark completion of 75 years of the Indian actuarial profession. As the gamut of actuarial applications is rapidly expanding, I look forward to a very wide array of discussions at the conference event on 18-19 February and also meeting many of you at the event.

Happy reading! We would love to hear from you at library@actuariesindia.org.

#21GCA

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4th Capacity Building Seminar On IFRS17

EVENT REPORT

Organized by: Advisory Group on IFRS 17 (IND AS 117)
Venue: Holiday Inn, Mumbai **Date:** 6th November, 2019

Session: New amendments to IFRS 17 as part of Exposure Draft ED/2019/4

Speakers: Mr. Avdhesh Gupta and Mr. Philip Jackson



Mr. Avdhesh Gupta is the Appointed Actuary at Bajaj Allianz Life Insurance. He joined the company in June 2019 and is responsible for Actuarial Valuations, Shareholder Reporting, Product Pricing, Financial Risk. Avdhesh brings with him over 12 years of experience in the actuarial domain. Prior to joining Bajaj Allianz Life, Avdhesh worked with PricewaterhouseCoopers as the Principal Consultant in actuarial services.

Mr. Philip Jackson is a consultant in Milliman's life insurance practice, based in Mumbai. He supports projects in India and the Asia-Pacific region, primarily working on embedded value and M&A projects. Philip is a member of the IAI Advisory Group on IFRS 17.

Session Highlights

The tone of the session was set around the amendments which came in the ED released in June 19 by IASB. Avdhesh focused on the amendments which are likely to have a key impact on the Indian insurers. One such amendment is allocation of acquisition cost to future renewal of business that is outside the contract boundary. This will reduce the chances of contract getting onerous and reduce the volatility of surplus in P&L. Another amendment he discussed was reinsurance accounting mismatch. On the basis of this amendment the likely recovery from proportionate reinsurance is allowed to be

shown in P&L account in case the base contract is onerous. This will help in reducing onerousness for contracts which are profit supported by reinsurance. Then he discussed the amendment related to coverage units in case of GMM. Currently, CSM is recognized in the P&L as insurance coverage is provided over time. Now, IASB has allowed the coverage units in GMM to be based on the investment return services as well.

The next part of the presentation was taken over by Philip in which he talked about further amendments in the ED of IFRS17 which might not have any significant impact on Indian market but will affect the global insurance industry. Firstly, Philip talked about the level of aggregation wherein the insurance contract assets and liabilities need to be segregated at a portfolio level, previously was required to be done at group level which will give operational relief to insurance companies specifically general insurance companies. Then, he talked about the amendment regarding the accounting mismatch due to availability of risk mitigation option under VFA model. This will help in reducing the volatility in P&L and balance sheet due to availability of hedges in the investment portfolio. Further he discussed about certain contracts that could have been in scope of IFRS 17 but have been excluded as per latest amendment.

Session: Onerous Contracts

Speakers: Ms. Jinal Sheth Pandit and Ms. Rashi Manek



Ms. Jinal Sheth Pandit is a Fellow member of the

Faculty and Institute of Actuaries, London and the Institute of Actuaries of India and a partner with M/s. K.A.Pandit. Her 7 years of experience in the Life Insurance domain has provided her with the opportunity to work in India and with many insurers across different markets such as Dubai, Bahrain, Sri Lanka, Mauritius and Nepal. She has been involved with conducting Statutory and Risk Based Capital Valuations, regulatory submissions, ALM, product profitability and Embedded



Ms. Rashi Manek is an Associate of the Institute of Actuaries of India. With more than 8 years of experience working with K.A. Pandit, she has gained diverse experience in Employee Benefits and Non-Life Insurance. She has contributed to valuations for various employee benefits and reports restructuring keeping in mind global accounting consolidation whereas on the Non-Life Insurance front, she has been involved with valuations, reporting, client servicing, regulatory compliance, management briefings, risk based solvency assessment and risk management assignments.

Session Highlights

Session kick started with the definition, identification and measurement of onerous contract. IASB standards direct the insurer to perform the test of onerousness at initial recognition and on subsequent measurement. As per the standards, the test for onerousness could be done at contract level or at higher level and should be done without considering the reinsurance cashflows.

Then, Rashi talked about the accounting of onerous contracts. As per standard, If the contract is onerous, the loss should be recognised in the P&L immediately and there is a need to establish loss component which gets tracked separately on subsequent measurements. She discussed the accounting treatment of different scenarios wherein onerous contract becoming profitable, becoming more onerous and profitable contract becoming onerous on subsequent measurement. She highlighted that in case of onerous contract, any decrease in FCF has to be allocated to loss component till it becomes zero and balancing

improvement should be used to create CSM. On the other hand, any increase in FCF will get recognised in P&L immediately and increase the loss component as well. Further, in case the profitable contract becomes onerous the CSM gets adjusted by the amount of change in FCF till it becomes zero, thereafter, contract will be treated as onerous and the excess loss will get recognised in P&L immediately. Also, Loss Component equal to the value of the remaining changes in FCF relating to future service need to be established.

Later, Jinal focused on the practical consideration of the onerous contracts. She talked about the applicability of the existing profitability matrices like NBM to consider if a contract is onerous or not. She also highlighted the increased amount of volatility in the P&L due to inconsistent treatment of losses and profits in P&L. The session continued with discussion on inconsistent treatment of proportionate and non-proportionate type reinsurances for onerous contract. Lastly, she highlighted whether the onerousness should be tested on the structural cost or on the current cost.

Session: Results from initial Impact analysis for Indian industry

Speaker: Mr. Kshitij Sharma



Mr. Kshitij Sharma is a Partner with EY Actuarial Services LLP. He is a Fellow member of the Institute of Actuaries of India and the IFoA, UK. Kshitij has been an actuarial consultant for more than 15 years and worked for a number insurance markets globally including India, UK, Continental Europe, Sri Lanka, Hong Kong, Singapore, Japan and the Middle-East. Kshitij has extensive experience in diverse areas of life insurance, including statutory and shareholder reporting, business planning, product development and pricing, actuarial modelling, risk management, reinsurance and policy administration systems. He is actively involved in the Ind AS 117 implementation for multiple life insurers and has conducted numerous trainings and workshops on the same.

Session Highlights

The session initiated with the comparison of different components of the financials under IFRS17 and current accounting standard. Under IFRS17, the liability is expected to increase in case of participating business, however, for Non par business, the liability is expected to decrease and for UL it will remain consistent. Although, it will depend on the method used for the calculation of RA and to calculate the liability for existing business at the time of transition.

NB strain for Non-par protection and UL is expected to decrease whereas for non-par savings it is expected to remain same. Although, it will depend on the choice of methodology followed for RA calculation

The surplus emergence will get accelerated except for participating business. Future release of surplus will be lower due to lower or no MAD. Surplus from existing business will be dependent on the choice of method used at the time of transition. Further, the volatility of the surplus will be lower in IFRS17.

Revenue is expected to go down for all LOB except for pure protection insurance.

He continued with discussion on implementation issues wherein he talked about the concerns related to the challenges of using available interest rate curves in Indian market, the choices available for the calculation of RA, the order in which different items of the CSM roll forward need to be considered and the issues pertaining to interim reporting.

He concluded his presentation with the list of accounting policies such as level of aggregation, amortization of acquisition expenses, RA methodology, model choice for participating business, attribution of expenses to business, discount rate choice, choice of coverage units and transition methodology.

Session: Update from IASB (update on recent developments)

Speaker: Ms. Sue Lloyd

Ms. Sue Lloyd was appointed as vice-chair of the International Accounting Standards Board (Board) in October 2016, having served as a Board member since 2014. She was reappointed as vice-chair in April 2018 for a term of five years starting 1 January 2019.

She was appointed the Chair of the IFRS Interpretations Committee in February 2017 and continues to serve. Prior to joining the Board, Ms Lloyd worked for the organization as a senior technical director, leading the



development of new IFRS Standards, and as director of capital markets with responsibility for the Board's reform of accounting for financial instruments. Ms. Lloyd also worked for the organization from 2002 to 2004 as a technical project manager.

She has held various positions in investment banking both in the UK and in Australia and has served as a member of the Australian Accounting Standards Board (AASB). She has a Master's degree in accounting and finance from the University of Auckland in New Zealand.

Session Highlights

Sue started with the overview of the global developments wherein she talked about the current implementation stage, the challenges faced in implementations, support provided by the IASB on IFRS implementation and the effective date of the standard. She continued by highlighting the efforts made by IASB for IFRS17 implementation which includes conducting webinars, conferences, publishing articles and other materials etc.

Later, she discussed the ED that was released in June 19 with 12 targeted amendments in 8 areas which includes additional scope exclusions, allocation of acquisition costs to expected contract renewals, attribution of profit to service relating to investment activities, reduced accounting mismatches for reinsurance, simplified balance sheet presentation, extension of the risk mitigation option, deferral of the effective date by one year and additional transition reliefs. She clarified that the objective of the proposed amendments is to ease IFRS 17 implementation without changing the fundamental principles of the standard. The discussion continued by discussing each of the amendment in detail and the corresponding feedback received from different stakeholders.

Sue, further talked about the next steps to be taken by IASB wherein in Nov 19 Board meeting IASB will consider the comment letter feedback, post that IASB will finalize the standard considering the feedback on the Exposure Draft. IASB aims to issue the final amendments in mid-2020.

Session: Panel Discussion on IFRS17: Managing the change

Moderator: Mr. Kunj Maheshwari

Panellists: Ms. Sue Lloyd, Mr. Sunil Sharma, Mr. Ashutosh Pednekar, Mr. Shrenik Baid



Mr. Kunj Maheshwari joined Willis Towers Watson in 2006 and has more than 13 years' actuarial experience, specializing in providing consulting support to life insurance companies. Kunj is the Chairperson of the Institute of Actuaries of India's advisory group on IFRS 17 (Ind AS 117).

Mr. Sunil Sharma is President of the Institute of Actuaries of India. Sunil is a qualified Actuary and a Fellow Member of Institute of Actuaries, UK (FIA) and Institute of Actuaries of India (FIAI). With close to 29 years of diversified experience in the insurance and reinsurance sector, Sunil has worked across India, USA, UK and Singapore. Sunil Sharma is currently the Appointed Actuary and the Chief Risk Officer for Kotak Mahindra Life Insurance Company India Ltd. Prior to joining Kotak Life, he has worked in various positions with ICICI Prudential Life, Swiss Re, GE Financial Assurance Holdings, Inc. and Life Insurance Corporation of India.

Sunil proactively contributes his domain knowledge and expertise to the industry. He has been a regular speaker on various forums like Global Conference of Actuaries, Seminars conducted by CII and other industry bodies. Sunil has served the IAI Council in various capacities in past. Recently, as the Chairperson of Wider Field Committee (WFC) he envisioned creating employment opportunities for actuarial personnel, specifically for students, in areas other than traditional insurance and pension areas.

He endeavour to grow the profession beyond the traditional areas, increase rapport and forge stronger connect with Actuarial profession globally and better coordination with Insurance, Pension and Market

regulators.

Mr. Ashutosh Pednekar is a Partner of M P Chitale & Co., Chartered Accountants since 1992. M P Chitale & Co. is one of the leading firms of Chartered Accountants in India with a significant presence of almost six decades. He head the firm's Assurance Services practice including Information Systems Risk Assessment, Review, Mitigation & Assurance Services. I am an accredited CISA. Due to his expertise in the IS Risk arena as well as treasury domain knowledge, Mr. Ashutosh was involved in the External Review Group set up by the RBI to do a systems audit of the on-line Gilts Trading Solution, NDS - OM developed by RBI through CCIL, prior to its implementation. Today, more than 90% of gilt trades in India happen on this platform. He is also a Member - IRDAI's Standing Committee on Accounting Issues, Member - RBI Working Group on IFRS - convenor sub-group on Presentation of Financial Statements, Co-opted Member - Expert Advisory Committee of ICAI for 2019-20, Member - Financial Reporting Review Group (FRRG) set up to review audited financial statements of listed companies, Head - Working Group on Ind AS 117 Insurance Contracts and regulatory changes, Member - IRDAI's Ind AS Implementation Group - head of sub-group on IFRS 4 Insurance Contracts, Chairman of the Accounting & Assurance Services Committee of DFK International for two terms of three years each, Head - IFRS Help Desk on Financial Instruments, Member of the Asia Pacific Executive Committee of DFK International, Involvement with DFK International, Involvement in ICAI Research Projects on IFRS, Ind AS, Accounting Standards, Standards on Auditing and Other Publications including Guidance Note on Audit of Banks. He is also part of the Expert group to advice the Accounting Standards Board on matters pertaining to IFRS, in particular IFRS 9, 4 and 17.

Besides a being a rank holder Chartered Accountant and a law graduate, Mr. Ashutosh has accredited as Certified Information Systems Auditor™ (CISA®) by the Information Systems Audit and Control Association (ISACA™), USA. ISACA is a recognized global leader in IT governance, control and assurance. ISACA sponsors international conferences, administers the globally respected CISA® designation worldwide, and develops globally applicable information systems (IS) auditing and control standards.

Mr. Shrenik Baid is a Partner with Deloitte Haskins & Sells LLP, India in Audit & Assurance practice, with more than 22 years of experience providing assistance in capital market transactions and accounting advisory services. He has also had secondment experience in the United States, South Korea, Japan and the United Kingdom. Shrenik has helped clients by providing them

with technical and project management advice on accounting and financial reporting issues associated with debt and equity offerings and conversions to and from IFRS, Ind AS and US GAAP. In his present role, Shrenik focuses on financial services and infrastructure sector. He is leading financial services IFRS conversion projects and as a firm helping 17 banks (including State Bank of India), 7 insurance companies (life and non-life) and several NBFCs and HFCs on their IFRS conversion projects. Shrenik is a Chartered Accountant and regular speaker on IFRS and US GAAP at the ICAI and various other forums. He has co-authored the publication, "Similarities and Differences: IFRS, US GAAP and Indian GAAP".

Session Highlights

Kunj started the panel discussion with his question to Sue regarding her views on merging of current statutory capital regime with the IFRS17 consistent valuation i.e. risk based capital. In her response, she mentioned that the countries that are currently valuing capital basis SII regime are not immediately considering revisions to align with IFRS17 reporting, although there are elements of the computations which have some commonalities. Countries like India will have an opportunity to change the statutory capital regime and align with IFRS - although it is noted that the objectives of the supervisor may be different to that of the IASB (which is focussed on investor perspectives). On this, Sunil Sharma, added that in India we currently follow the formula based statutory valuation regime and moving to risk based capital regime would be a big and challenging journey and in his view, this will be positive change for the insurance industry.

Kunj continued, with his next question to Ashutosh regarding his views on next step by the Indian companies till the time standards get finalised by the IASB and subsequently by ICAI / IRDAI. Ashutosh answered by clarifying that the final accounting standard in India will be set and issued by NFRA which operates under MCA. IRDAI and ICAI will work in collaboration with NFRA to finalise the standards from Indian insurance perspective. He added that once the standards get finalised by IASB, it will take another 4-6 months for ICAI / IRDAI to prepare the standards from Indian insurance perspective and post that NFRA will take some time to confirm the same.

Further, Kunj asked Sue's opinion on the dependency of IFRS standard majorly on actuarial resources than on accountants on which Sue responded positively by highlighting the opportunities for the actuaries to have more robust accounting going forward. In addition, there will be a great scope and opportunity for the accountants to collaborate with actuarial people,

understand actuarial functions and integrate their systems better.

Kunj's next question was with Sunil Sharma, regarding his view on efforts from the IAI in upskilling the actuarial people on IFRS17. Sunil listed down various measures and steps taken by the Institute in this regard which includes constitution of IFRS advisory group which is representing India in shaping the final standards by IASB. The institute is also planning to develop certification course on IFRS17 which would help students to gain knowledge and prepare themselves for the IFRS17 implementation in India and overseas.

Kunj continued with his next question from Sue regarding the key learnings and challenges faced while developing these robust standards and what will happen with the TRG group once the standards will get finalised. Sue shared her experience by calling this as one of the most challenging project of her life, the standards are complex and affect diverse economies and products. In terms of learning, she mentioned that the more you talk and communicate to different stakeholders, the more you learn and it becomes easy to understand the complexities and design accordingly. Further, she answered the next question that the TRG group will work as helpdesk for the world till some time post final standards get issued. Although, going forward there is no plan of continuing with that group.

Further, Kunj asked Shrenik his views on the expected timeline for the implementation of the standards by the companies and the time it will take to develop understanding of the same. Shrenik answered by highlighting that all departments viz. actuarial, accounting and IT have to work in collaboration to achieve the end objective. Two key areas in his view are the checks and controls in the processes and the documentation. His view is that the implementation will take at least 15-20 months as it involves educating and transferring knowledge across levels of the organisation i.e. from doer level resource to board members.

The last question of the panel discussion was asked to Ashutosh regarding his views on the takeaways from similar implementation in different industries in the past. Ashutosh shared his learnings from the IFRS9 implementation in the past and shared an advice to unlearn and then learn. According to him, the pricing people are one who understand the complete risk of the company most closely. Sue added to this by advising to focus more on disclosures as these disclosures will help you to communicate better with the market / investors.

Session: Reinsurance

Speakers: Ms. Saigeeta Bhargava and Mr. Saisrinivas Dhulipala



Ms. Saigeeta Bhargava is a Qualified Actuary with specialization in Life Insurance with more than 11 years of total actuarial experience in Insurance and Consulting. She is currently leading the actuarial practice for PwC in India with extensive experience of IFRS 17, regulatory and shareholder reporting, due diligence and asset modelling. In her past she has worked with MetLife where she led several initiatives across the UK, the US and Hong Kong and as a consultant with Watson Wyatt. She holds a masters in Financial Mathematics from London School of Economics.



Mr. Saisrinivas Dhulipala is a consulting actuary. He plays an active role in several committees at industry level and a regular speaker on various industry forums. Prior to this, Sai was the Appointed Actuary at Bajaj Allianz Life Insurance. He had also worked with Future Generali Life, Reinsurance Group of America, Kotak Mahindra Life Insurance and Life Insurance Corporation of India, managing various roles in the Actuarial function. Sai is a Fellow of Institute of Actuaries of India and a Science graduate from Andhra University. Along with an illustrious professional record, he has won many awards and scholarships for his academic excellence.

Session Highlights

The presentation got started with the focus limited to reinsurance held and not reinsurance issued. In IFRS17 accounting, the reinsurance will be categorized as asset and shall be shown separately from the base contract. The CSM is termed as either Net Loss or Net Gain while accounting for reinsurance and they both get same treatment in the P&L unlike the case of base contract. Also, there is a possibility of mismatch in contract boundary between reinsurance and underlying insurance contract. Then talking about the measurement approach, she confirmed that BBA & PAA are the approaches available for the measurement. There are no criteria for VFA model and hence there could be mismatches in the accounting from the base contract. Further, she discussed accounting treatment of reinsurance in scenarios of profitable underlying contract and onerous underlying contract with net gain on reinsurance etc. The level of aggregation should follow same rules as for the base contract wherein there is a need to have separate groups of contracts issued one year apart and separate cohorts for onerous and non-onerous contracts whereas the portfolios could be different in case of reinsurance held from the base contract.

Next part of the session was taken by Sai wherein he talked about the financial reporting of reinsurance contracts. Further, he talked about the accounting mismatches of the reinsurance held with respect to the underlying base contract due to different measurement models, coverage unit choices, loss deferral concept, level of aggregation and discount rate choices available. Later he discussed the amendments made in the latest ED regarding the proportionate reinsurance credit in case of onerous contract and risk adjustment for underlying VFA contract.

Further, the discussion continued on the practical considerations and challenges in the current standards regarding reinsurance wherein he majorly focused on concerns regarding level of aggregation, coverage period, system compatibility, consistency of assumptions and likely consequences of explicit presentation of reinsurance numbers in the financials.

Session: Discount rate implications for India

Speaker: Mr. Kunj Maheshwari

Session Highlights

The session started with the discussion on estimation of discount rate and liquidity premium used for the calculation of BEL in case of IFRS17. Kunj emphasized that in IFRS17, the very fundamental principle on



which talked about the exclusion of the effect of factors that do not affect future liability cash flows of the insurance contract but can influence the observable market prices.

Further, the liquidity characteristics should be from the contract perspective and not from any individual stakeholder perspective. He mentioned that the liquidity will be dependent on certain factors like exit costs from the contract to the policyholder, inherent value build up in the contract and the exit value of the contract. Then he concluded his presentation by discussing the two methods of calculating discount rate i.e. top down and bottoms up approach.

discounting is that it is independent of backing assets rather is dependent on the characteristics of the cashflows and liquidity characteristics. On contrary, as per IFRS9, the basis for assets valuation is dependent on the business model assumed. Hence, there might be inconsistency between the assets and liability valuation under IFRS framework. Further, companies need to carefully consider whether the business model should determine the accounting policy or it should be vice versa. He also highlighted the section of IASB standard

Written by



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“ Mr. Kapil Aggarwal is a Fellow member of the Institute of Actuaries of India.”

CALL FOR ARTICLES



We invite articles from the members and non members with subject area being issues related to actuarial field, developments in the field and other related topics which are beneficial for the students of the institute.

The font size of the article ought to be 9.5. Also request you to mark one or two sentences that represents gist of the article. We will place it as 'break-out' box as it will improve readability. Also it will be great help if you can suggest some pictures that can be used with the article, just to make it attractive. Articles should be original and not previously published. All the articles published in the magazine are guided by EDITORIAL POLICY of the Institute. The guidelines and cut-off date for submitting the articles are available at http://actuariesindia.org.in/subMenu.aspx?id=106&val=submit_article

Disciplinary Proceedings

This matter is being published in accordance with the decision of the Executive Committee (now Council) in its meeting held on 4th March, 2003 applicable to all such cases and keeping in view IAI's membership requirements of the International Actuarial Association.

Reference: Complaint of IRDAI against Ms. Kirti Kothari (M. No. 281)

Complaint No: Complaint No. PD/C/1/2016-2017 (PROSECUTION DIRECTOR LETTER DATED 27TH JANUARY 2017)

THE ALLEGATION

Allegation:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	Ms. Kirti Kothari has committed serious professional misconduct with regard to submission of statutory reports to the Authority Please refer Annexure 2 for details Extract of the complaint from Annexure 2 is as under: - Ms. Kirti Kothari was the Appointed Actuary (AA) of Reliance General Insurance Company Limited (RGIC) during FY 2014-15 and for five months after the end of FY 2014-15. She certified the IBNR figures as at 31st March, 2015 for the Auditors of RGIC. Based on the certificate, the Financial Statements of RGIC for FY 2014-15 were finalised. However, she raised doubts about the competency of IBNR figures certified by her to the Auditors after a gap of 2-3 months. She refused to submit the detailed IBNR report and FCR for FY 2014-15 to the Authority. As on date, the Authority have not received IBNR report and FCR for 2014-15 from her. - In our opinion, the above behaviour leads to professional negligence or misconduct. - Ms. Kothari has resigned from the RGIC. Since then she has not been working as AA of any insurance company and therefore, not under the purview of any IRDAI norms and regulations.	As per Clause 15 of Part-I (Schedule, See Section 31) of the Actuaries Act, 2006 which states, " Is grossly negligent in the conduct of her professional duties'.

Prima Facie Opinion of Prosecution Director dated 15 May 2017

Allegation 1:

1. The complainant, IRDAI has quoted the Clause 15 of Part - I (Schedule, See Section 31 of The Actuaries Act, 2006 which states as under:
" is grossly negligent in the conduct of her professional duties".

Comments:

The written statement in response to the complaint as well as the rejoinder is directly referring to the chronology of facts, hence each of the facts is being examined below:

In her written statement, Ms. Kirti Kothari has stated as under

against the chronology of facts specified by IRDAI and respective rejoinders of IRDAI are also given below:

1. Ms. Kirti Kothari was the Appointed Actuary of RGICL from 2nd May, 2013 to 28th August, 2015.

I agree. The IRDAI has approved my appointment as Appointed Actuary with effect from 1st May, 2013. As required by IRDAI (Appointed Actuary) Regulations, 2000, I have informed IRDAI about my resignation and subsequent relief vide emails dated 27th August, 2015 and 28th August, 2015 (Enclosure 1) respectively.

Rejoinder: No comments.

Comments: Since both agree on this point, there is no comment.

2. The financial statements as at 31st March, 2015 were prepared based on the IBNR figures provided by Ms. Kothari.

I agree.

The IBNR figures were provided to CFO in the form of a brief report dated 29th April, 2015 (Enclosure 2) in addition to the IBNR estimates, the report summarises the reconciled information which was used in the estimation and the estimation methods used under different lines of business.

Rejoinder: The Authority is not aware of the internal communications between MS. Kothari and the CFO of the Company. However, it is implied that the financial statements as at 31.03.2015 has incorporated the IBNR numbers certified by Ms. Kothari as Appointed Actuary.

Comments: Since Ms. Kothari agrees on this point, there is no comment.

3. The IBNR Report as at 31st March, 2015 was expected before 31st August, 2015

I agree.

Rejoinder: No Comments

Comments: Since both agree on this point, there is no comment.

4. As the Authority did not receive any IBNR report from RGICL, reminders were sent to Ms. Kirti Kothari, the then AA of the Company.

I disagree.

Other than a reminder dated 21st August, 2015 (Enclosure 3) to submit the reports by 31st August, 2015, there were no other reminders, as the due date had not yet elapsed. This is misstatement/ misrepresentation No. 1 of the facts in the complaint to misstate that I needed to be reminded several times about submitting the reports.

Rejoinder: There is no misstatement/misrepresentation of facts.

The Appointed Actuary was expected to submit all the regulatory reports latest by 31st August, 2015. This is an annual exercise and through several conversations and discussions that happen with the AAs during the year like Appointed Actuary Meetings etc., the Authority stress upon all Appointed Actuaries on the importance of submitting all the reports on time. It may be noted that we reminded Ms. Kothari again through mail dated 21st August, 2015 that she has to submit the report latest by 31st August, 2015.

Comments: Both the complainant and respondent agree that a reminder was sent by IRDAI on 21st August, 2015, hence, there is no comment.

5. On 20th August, 2015, we received an email from her stating that she has prepared the IBNR but would like to submit the report alongwith the FCR to ensure that the numbers

appearing in the two reports are consistent. She also requested for extension for further two months for submission of both the reports - IBNR and FCR. The Authority advised her to submit the reports before 20th September, 2015.

I disagree with the last sentence.

In response to my email dated 20th August, 2015 (Enclosure 4) to the Authority, the Authority has formally advised me vide email dated 25th August, 2015 (Enclosure 5) from actuarial-valuation-nl@irda.gov.in stating that the Authority has granted an extension from the last date of just 10 days, i.e. upto 10th September, 2015 for the submission of the IBNR reports and FCR.

It was only after I was relieved from the service of RGICL that I received copy of email on 8th September, 2015 from IRDAI to RGICL that the reports need to be submitted by 20th September, 2015. The email stated that the reports were required to be signed by me, as I was Appointed Actuary on 31st March, 2015.

So the matter stated in the complaint under point 5 of chronology of facts is a misstatement/misrepresentation No.2 of the facts.

Rejoinder: There is no misstatement or misrepresentation of facts. Ms. Kothari was given time upto 20 September, 2015 for submission of IBNR and FCR vide our mail dated 8 September 2015.

Comments: Both the complainant and respondent agree that the final extension was given by IRDAI upto 20th September, 2015, hence, there is no comment.

6. Instead of reports, the Authority received an intimation from Ms. Kirti Kothari about her resignation vide email dated 27th August, 2015. She also stated that due to non-availability of complete, validated and signed off information in a timely manner, she will not be submitting the IBNR and FCR.

I agree.

Prior to my resignation from RGICL, I have repeatedly followed up with RGICL regarding accurate, complete, consistent and reliable data and information at the granular level so the same could be placed in the detailed reports. Vide email dated 23rd August, 2015 (Enclosure 6), I have requested the CEO of RGICL if some timeline could be agreed for providing satisfactory information and data to me, as the reports to be prepared were yet to be placed before the Board even after two quarterly Board meetings after 31st March, 2015.

In the personal meeting on 25th August, 2015 in the office of RGICL, I have also informed the CEO that (1) the regulatory reports will need to be signed by me, as I was the Appointed Actuary as on 31st March, 2015, (2) in absence of required information in timely manner and the fact that the Authority had granted an extension of only 10 days for submitting the reports, I might want to submit a qualified report immediately, stating non-availability of complete and reliable underlying information in a timely manner as a reason. However, the CEO has replied to me that instead of submitting qualified reports, I may resign from the Company, and that the regulatory submissions would be taken care of by the company without

involving me.

I have informed this to the Member (Actuary) by phone on 25th August, 2015.

I have resigned on the very next day, my resignation was accepted by RGICL on 27th August, 2015 and I was subsequently relieved on 28th August, 2015. I assumed that RGICL would have sought the necessary advice from the internal compliance function and from the regulator before relieving me.

Rejoinder: Ms. Kothari had provided IBNR figures for preparation of financial statements of RGICL as at 31 March, 2015. However, she did not submit detailed reports (IBNR and FCR) required as per extant norms in support of the IBNR figures provided by her. As stated by her, she could have submitted qualified reports. As regards her relief from the RGICL, Ms. Kothari has stated "I assumed that RGICL would have sought the necessary advice from the internal compliance function and from the regulator before relieving me". We cannot comment on the assumptions made by her. However, RGICL never asked for any advice from the Authority regarding relief of Ms. Kothari.

Comments: It is a fact that Ms. Kothari provided IBNR figures for preparation of financial statements since both the parties are accepting the point. It is also a fact that Ms. Kothari has not submitted detailed reports (IBNR and FCR) as required by the extant norms in support of the IBNR figures provided by her. However it is to be noted that Ms. Kothari resigned on 27th August, 2015 and was relieved on 28th August, 2015 by RGICL. The due date for submission was originally 31st August, 2015 which was extended upto 10th September, 2015.

7. On the very next day of Ms. Kirti Kothari's resignation, i.e. on 28th August, 2015, the Authority received an email from her stating that she has been relieved by the company.

I agree.

Rejoinder: No comments

Comments: Since both agree on this point, there is no comment.

8. On 8th September, 2015, the Authority wrote an email to the CEO of RGICL advising that as the IBNR used in the financials as at 31st March, 2015 was furnished by Ms. Kirti Kothari, IBNR and FCR for FY 2014-15 should be prepared and signed off by Ms. Kothari. A copy of the email sent to the personal email address of Ms. Kothari is attached herewith as Attachment 4.

I agree.

Rejoinder: No comments

Comments: Since both agree on this point, there is no comment.

9. On 22nd September, 2015, the Authority received an email from Ms. Kothari stating that she will not be in a position to sign or forward such a detailed report prepared by the company to the Authority. However, she did not comment on any consistency between FCR and IBNR figures - a concern which was raised by her earlier.

I disagree.

In context of the email dated 8th September, 2015 from IRDAI to RGICL, I was contacted by RGICL and I have received from RGICL the 21 draft reports as word documents and 592 tables as excel files by email on 18th September, 2015 (Enclosure 7) for my review, only two days before the deadline provided by IRDAI. The trail mails in the email enclosure show that the information was also collated by CFO on the very same day.

Hence in the absence of (1) agreed communication of terms of engagement between RGICL and me and (2) complete information and reliable documented checks in a timely manner for my review, I have forwarded to IRDAI vide email dated 20th September, 2015 (Enclosure 8) the documents and tables as I received from RGICL, while informing IRDAI about the background leading to my forwarding unsigned reports to IRDAI.

I had mentioned in the end of email that RGICL was yet to communicate to me when they would provide the draft FCR for my review,

The email referred to in point 9 above was sent by me two days after the IBNR reports and tables were already forwarded to IRDAI. This email dated 22nd September, 2015 was regarding FCR only (Enclosure 9) and followed the telephonic talk I had with RGICL on 22nd September, 2015 in which the CFO informed me that the Company is drafting a FCR for my review and signature, as required by IRDAI. As the context of communications related to FCR, I have restricted my email to FCR only, for which any email communication was yet to commence. I have also stated clearly the reason for not submitting the FCR was as mentioned in the IBNR report.

However, this email of 22nd September, 2015 sent by me has been misused in the complaint to misstate that (1) the email was regarding submission of both IBNR and FCR and (2) I was now no more concerned about the consistency of figures appearing in FCR and IBNR tables. This is misstatement/misrepresentation No.3 of facts about my concern on consistency.

Rejoinder: There is no misstatement or misrepresentation of facts.

Please refer to the Attachment No.5 of our letter dated 22.03.2016. Ms. Kothari has clearly stated in her email dated that "..... I would not be in a position to sign or forward such detailed report prepared by the company for the Authority". As Ms. Kothari had provided IBNR for preparation of financial statements of RGICL as at 31 March, 2015, it was necessary that numbers in FCR and IBNR should be consistent and those numbers need to be certified by her. It is the Actuary's responsibility to ensure that estimations are arrived at using generally accepted actuarial principles and complying with the regulatory requirements. While an unsigned IBNR report was sent through mail, FCR is not sent at all. Further, the IBNR is not only unsigned, it is incomplete also. Till date there is no signed report from her. In this connection please refer to our comments under observation 1 to 6 below. Thus, the entire manner in which Ms. Kothari handled her job amounts to Professional misconduct.

Comments: Regulation 8(h) of the Insurance Regulatory Development Authority (Appointed Actuary) Regulations,

2000 specifies the duties and obligations of an Appointed Actuary in the case of the insurer carrying on general insurance business to ensure:

- (i) The rates are fair in respect of those contracts that are governed by the insurer's in-house tariff
- (ii) That the actuarial principles, in the determination of liabilities, have been used in the calculation of reserves for incurred but not reported claims (IBNR) and other reserves where actuarial advice is sought by the Authority

As per the Circular no. IRDA/ACTL/CIR/MISC/081/05/2010 dated 13th May 2010 which was superseded by the amendment circular no. IRDA/ACTL/CIR/MISC/153/07/2014 dated 5th July, 2014 issued by IRDAI states: (1) insurers shall submit the Financial Condition Report in accordance with the amended Financial Condition Report enclosed with effective from 31st March, 2015 and (2) The Financial Condition Report as on 31st March shall be submitted before 31st August of every year effective from FY 2014-15.

Ms. Kirti Kothari was Appointed Actuary as on 31st March, 2015. She was required to submit the IBNR and FCR by 31st August, 2015 which date was originally extended by IRDAI to 10th September, 2015. She resigned as Appointed Actuary on 27th August, 2015 and was relieved by RGICL on 28th August, 2015.

10. On 29th September, 2015, the competent authority received an IBNR report by email in word document without any signature from the personal email id of Ms. Kothari, Email ID: kirti_kothari@hotmail.com.

I disagree.

The email was sent by me on 20th September, 2015 (Enclosure 8), which was the deadline communicated by IRDAI in email of 8th September, 2015. The complaint has misstated that I have sent an email on 29th September, 2015. On going through the supporting evidence (attachment 6 of Annexure 3 of Complaint form) (Enclosure 10), it can be seen that there is no beginning portion of this email and the top part of the email which is supposed to contain the details of date, the sender and recipients of email, has been replaced by a thank you signature from some other email of mine. I have enclosed the correct email dated 20th September (Enclosure 9), and the email dated 26th November 2015 (Enclosure 11) sent by me.

This is misstatement/misrepresentation No.4 of the facts in the complaint. This is a serious misstatement/ misrepresentation as the email sent by me to Member (actuary) has been modified in the complaint with the intention to show me in poor light by implying that I have been irresponsible in meeting deadlines, and also do not keep the regulator informed if the deadline is expected to be breached.

As the context to FCR has not been mentioned in the complaint in the point 9 of the chronology of facts and also the fact that the complaint has not mentioned that I had already forwarded the IBNR reports and tables to IRDAI via email dated 20th September, 2015, the point 10 in the complaint has been misstated to show as if I have, on 22nd September, 2015, expressed my inability to sign on IBNR reports and tables, but have subsequently submitted these via email dated 29th

September, 2015, many days after the deadline provided by IRDAI for this purpose without keeping IRDAI informed about this. This is misstatement/misrepresentation No.5 of facts about dates of emails, trying to imply that I have been careless in my communications with the regulator.

Rejoinder: There is a typo error in first sentence of point no. 10. "29 September 2015" should be read as "20 September 2015"

We confirm that there is no misstatement or misrepresentation of facts.

We submit that we have not replaced any signature as mentioned by Ms. Kothari. This is a bland allegation which is serious. For the sake of completeness, we are attaching the entire trail mail dated 21 December 2015 received from Ms. Kothari. It may be observed that this mail contains the word "Thanks" as well as earlier mails submitted by us as Attachment 6 vide our letter dated 22 March 2016. It is clear from the attachment that "thank you" signature is not replaced from any mail.

Comments: It seems that she has sent an email on 20th September, 2015 (agreed to by both the parties) along with the IBNR reports and tables (unsigned). Both agree that she has submitted unsigned IBNR reports and tables on 20th September, 2015. Hence, there is no comment.

11. It is necessary to get both the IBNR and FCR signed off by Ms. Kirti Kothari as financials were prepared using the IBNR certified by her. After certifying the IBNR along with FCR, it is mandatory to ensure consistency between FCR and IBNR. As she was not willing to submit the reports, it may mean that she had doubts about the IBNR figures submitted to the Auditors by her. In that case, it may mean that the financials of the company for FY 2014-15 may not be correct. For examining the correctness of the financials, the Authority needs both the reports - IBNR Report and FCR.

I disagree.

This is misstatement/misrepresentation No. 6 of the facts in the complaint that I have raised doubts on the IBNR estimates. As Appointed Actuary, I have certified the IBNR estimate. But there was no certification of FCR, as mentioned above. As the numbers mentioned in IBNR Report and FCR relate to the same entity for the same period, the details of IBNR reports and tables are indeed required to be consistent with the details and tables in FCR.

The reasons for my not submitting the reports while I was Appointed Actuary at RGICL and after I was relieved from RGICL have already been mentioned in my response to points 6 and 9 above. These do not lead, in any way, to the conclusion made in the complaint that non-submission of reports "may mean that I had doubts about the IBNR figures submitted to RGICL". Hence, they also do not lead, in any way, to the conclusion in the complaint that "it may mean that the financials of the company for FY 2014-15 may not be correct".

Rejoinder: There is no misstatement or misrepresentation of facts.

It is reiterated that numbers in FCR and IBNR should be consistent and those numbers need to be certified by the Appointed Actuary. It is the Actuary's responsibility to ensure

that estimations are arrived at using generally accepted actuarial principles and complying with the regulatory requirements. Evidences as cited in our letter dated 22.03.2016 clearly proves irresponsibility on the part of Ms. Kothari while carrying out her role as an actuarial professional. It is shocking that a report which is unsigned and which is merely forwarded is taken as submission of IBNR report in defense against Authority's complaint that she is not only careless in performing her duty but also communicating with the Regulator.

Comments: It is a fact that numbers in FCR and IBNR should be consistent and those numbers need to be certified by the Appointed Actuary. It is the Actuary's responsibility to ensure that estimations are arrived at using generally accepted actuarial principles and complying with the regulatory requirements. However, non-submission of reports does not indicate that she had doubts about the IBNR figures submitted to RGICL. She has however, mentioned that she has doubts about consistency of figures in the email dated 26th November, 2015 wherein she mentions as under:

"While I was in employment at RGICL, I have also come to know that some of the numbers for the year 2014-15 were inconsistent across different submissions made to the Authority. Also, some numbers of the previous year were different from what was stated in the report of previous year."

12. Being appointed actuary for the entire FY 2014-15 and for 5 months after the end of FY 2014-15, certifying the IBNR figures as at 31st March, 2015 for the Auditors, raising doubts about the consistency of the figures given to the Auditors after a gap of two-three months and still refusing to submit the detailed reports to the Authority about the figures certified to the Auditors may be construed as "professional misconduct".

I disagree.

In continuation to my response to point 11 above, it cannot, in any way, be concluded that "I have raised doubts about the consistency of the figures given to Auditors". The reasons for non-submission of detailed reports are already stated in my response to points 6 and 9 above.

Perhaps seeking an extension from the Authority for completing the regulatory reporting exercise and explaining to the Authority the reasons for delay have been used to wrongly imply in the complaint that I "probably had doubts on the IBNR estimate itself". This is misstatement/misrepresentation No.7 of facts in the complaint.

I believe that I have conducted myself in the most professional manner, given the circumstances, and that there is no breach of code of professional conduct on my part, and hence, this cannot be construed as "professional misconduct".

Rejoinder: There is no misstatement or misrepresentation of facts.

Ms. Kothari has not submitted the IBNR and FCR reports supporting the IBNR figures submitted by her for the preparation of financial statements of the insurer as at 31 March, 2015.

The Authority has submitted ample evidences vide letter dated 18 November 2015 addressed to Ms. Kothari to support our

observations that she has expressed her inability to sign off the reports as she was not sure about the correctness and consistency of relevant numbers.

Comments: It is a fact that numbers in FCR and IBNR should be consistent and those numbers need to be certified by the Appointed Actuary. It is the Actuary's responsibility to ensure that estimations are arrived at using generally accepted actuarial principles and complying with the regulatory requirements. However, non-submission of reports does not indicate that she had doubts about the IBNR figures submitted to RGICL. She has however, mentioned that she has doubts about consistency of figures in the email dated 26th November, 2015 wherein she mentions as under:

"While I was in employment at RGICL, I have also come to know that some of the numbers for the year 2014-15 were inconsistent across different submissions made to the Authority. Also, some numbers of the previous year were different from what was stated in the report of previous year."

13. It may be noted that even after her resignation from RGICL, the Authority had extended additional help to her for completion of IBNR and FCR by asking RGICL to extend a consultancy arrangement to her so that she could complete the statutory requirements. Please refer letters dated 18th November, 2015 addressed to Ms. Kothari and to the CEO, RGICL on this subject. However, Ms. Kothari has not cared to pay any regard to the Authority's requests.

I disagree.

Other than the copy of email communication dated 8th September, 2015 from IRDAI to RGICL, instructing RGICL that the reports were to be signed off by me as I was Appointed Actuary on 31st March, 2015, I was not informed by the Authority that "the Authority had extended additional help to me for completion of IBNR and FCR", and that "the Authority had asked RGICL to extend a consultancy arrangement for me".

With reference to sub-regulation (3) of IRDAI (Appointed Actuaries) Regulations, 2000, requesting RGICL to extend such a consultancy arrangement to me for discharging a regulatory requirement on specific request by IRDAI would also require the details of terms of engagement to be provided by RGICL to IRDAI, and a specific approval be sought from IRDAI for such an arrangement for this purpose. However, none of the above information was made available to me.

In response to letter dated 18th November, 2015 by Member (Actuary) to me, I have communicated to Member (Actuary) vide email dated 26th November, 2015 (Enclosure 11) that I was prepared to review the draft contents of reports and underlying tables provided there were agreed terms of engagement between RGICL and me, as I was now no longer an employee or Appointed Actuary of RGICL.

I have also stated in my email dated 26th November, 2015 to Member (Actuary), that I was unwilling to commit a timeline, given the time elapsed since my relief from RGICL, and also the volume of information which was required to be reviewed. I had for reference my recent past experience at RGICL where the Company officials did not commit to any timeline, either verbally or in writing, either during my employment at RGICL

or after my relief from RGICL, for providing the required complete and reliable information with documented checks for completeness and consistency.

RGICL had requested me to visit their office on 8th December, 2015, knowing that I have committed to no timeline for this activity. So the point made above in the complaint is a misstatement/misrepresentation No. 8 of facts.

In my proposed terms of engagement of RGICL (Enclosure 12), I have specifically stated that I need to keep IRDAI informed about the agreed terms of engagement and take the Authority's specific approval of my appointment as Appointed Actuary for this purpose.

On enquiring with RGICL vide emails on 8th December (Enclosure 13) and again on 17th December, 2015 (Enclosure 13) RGICL has informed me on 17th December, 2015 vide email (Enclosure 13) that my proposed terms of engagement appeared unreasonable and that the matter has been placed before the IRDAI for their guidance.

Vide email dated 21st December, 2015 (Enclosure 14) to Member (Actuary), I have informed that I am awaiting revert from RGICL regarding the agreed terms of engagement and that the reporting work has not yet commenced due to this. This email has not been placed in supporting evidence in the complaint. This is misstatement/misrepresentation No. 9 of facts in the complaint.

Having got no reverts from IRDAI or RGICL, I have requested the Member (Actuary) vide email dated 13th January, 2016 (Enclosure 15), to advise on whether any decision has been taken regarding this matter and whether the matter was to be regarded as closed. This email has also not been placed in supporting evidence. This is misstatement/misrepresentation no.10 of the facts in the complaint. The above two misrepresentations are serious, as it appears that the Member (Actuary) has not bothered to get these emails included in the attachments to complaint and has instead the complaint states that "I have not cared to pay any regards to the Authority's requests". I have not received any revert from IRDAI at any time after 18th November, 2015.

I would have been more than happy to discuss with RGICL and/or IRDAI to resolve this matter amicably as I have been awaiting a revert from either parties for a long time, and hence have not taken on any major work commitment since my relief from RGICL.

Having received this complaint one and a half years after I have been relieved from my responsibilities as an employee Appointed Actuary at RGICL, I am quite surprised that the Member (Actuary) has not responded to my email or communicated anything to me regarding this reporting exercise, and has instead authorised this complaint to the IAI, alleging that I have been "grossly negligent in my conduct of professional duties".

Rejoinder: There is no misstatement or misrepresentation of facts.

The Authority did not include all the e-mails received from Ms. Kothari as supportive documents as it was felt that these were not relevant for the complaint. For instance, in the email dated 26.11.2015 (Enclosure - 11 of her submission), she reconfirmed

"... I am unable to verify or certify the consistency and accuracy of numbers in the tables.....".

Further our Letter to Ms. Kothari dated 18/11/2015 (copy enclosed) clearly mentioned that we are enclosing a copy of letter addressed to CEO of RGICL also.

While it could be construed that Ms. Kothari's resignation without submission of report is gross professional negligence, the Authority enabled her to access the data and systems of the insurer in spite of the fact that she ceased to be AA of the RGICL so that she could complete her duties as AA.

The Authority expects that a responsible AA will submit report within a reasonable extended time limit if he/she is unable to submit within a timeline.

It is stated that a mail dated 13 October 2016 has not been placed in the supporting evidence. It is submitted that the abovementioned mail doesn't lessen the impact of professional negligence.

Comments: Since the terms of engagement were not finalised between RGICL and Ms. Kirti Kothari, she was unable to complete the assignment as required by the IRDAI. RGICL apparently sought guidance from IRDAI. There is no further correspondence on the matter.

14. For further reference, we attach an email showing communication of MS. Kothari with the RGICL regarding the remuneration she demanded from the insurer.

I disagree.

The email (Enclosure 13) contained my proposed terms of engagement based on my reasonable assessment of the effort required in the review exercise and the other legal formalities under such a consultancy arrangement for the purpose of signing on regulatory reports. I was sincerely hoping that the terms of engagement would at least incentivise the Company to provide me, at the earliest, the consistent and reliable information I needed for discharging the specific requirement of IRDAI. However, the complaint has tried to show me in poor light by stating that "I demanded remuneration from insurer".

In the email dated 8th December, 2015 by RGICL to Member (Actuary), no concerns were raised by RGICL about my proposed monetary terms of engagement with RGICL. So it is not clear why this point was included in the chronology of facts.

Regarding Complaint points 1,2 and 3, I have already placed my response in points 11 and 12 above.

Rejoinder: There is no misstatement or misrepresentation of facts.

Please refer to our letter dated 18 November 2015 addressed to Ms. Kothari (Attachment No.7 of our letter dated 22 March 2016) which is self-explanatory and shall be clear evidence of how Ms. Kothari made baseless comments about the Authority in her every reply.

Considering that Ms. Kothari has provided IBNR figures for preparation of financials of RGICL as at 31 March 2015, it is highly surprising that "she is hoping that company will provide consistent and reliable information." In this regard please

refer para 6 & 7 of our letter dated 18 November 2015 which is reproduced below in verbatim:

"You had been working as the Appointed Actuary of the RGICL for more than 2 years. It is expected that the Appointed Actuary working for such a long period with the company should have a fair idea about the processes and systems of the company and if he/she has any doubts about the accuracy of the data or any other matter, he/she should have brought this fact to the notice of the board of the Company and to the Authority before certifying the IBNR figures used for the preparation of Financial statements.

Being Appointed Actuary for the entire FY 2014-15 and for 5 months after the end of FY 2014-15, certifying the IBNR figures as at 31 March 2015 for the Auditors, raising doubts about consistency of certified figures after a gap of two-three months and still refusing to submit detailed signed off reports to the Authority about certified figures may be construed as "professional misconduct".

From the above, it is clear that Ms. Kothari, while working as the AA was not fully aware of necessary internal controls in the company which she is supposed to know as AA.

Comments: It is a fact that numbers in FCR and IBNR should be consistent and those numbers need to be certified by the Appointed Actuary. It is the Actuary's responsibility to ensure that estimations are arrived at using generally accepted actuarial principles and complying with the regulatory requirements. However, non-submission of reports does not indicate that she had doubts about the IBNR figures submitted to RGICL. She has however, mentioned that she has doubts about consistency of figures in the email dated 26th November, 2015 wherein she mentions as under:

"While I was in employment at RGICL, I have also come to know that some of the numbers for the year 2014-15 were inconsistent across different submissions made to the Authority. Also, some numbers of the previous year were different from what was stated in the report of previous year."

PRIMA FACIE OPINION:

The basic point of contention seems to be that Ms. Kirti Kothari had certified the IBNR figures for the year ended 31st March, 2015 and submitted to RGICL as well as IRDAI. However, she has not submitted the detailed signed off reports - IBNR and FCR till the date of the complaint i.e. 22nd March, 2016. It is to be noted that Ms. Kirti Kothari had resigned on 27th August, 2015 and she was relieved by RGICL on 28th August, 2015. The extended date for submission of the reports was 10th September, 2015 which was further extended to 20th September, 2015.

Since she had resigned and was relieved prior to the deadline for submission, she was no longer the Appointed Actuary of RGICL on the date of the deadline. She was therefore, unable to access the records of the company. IRDAI had informed RGICL vide letter dated 18th November, 2015 to allow her access to the documents required as well as work out the compensation for the same. She has stated a remuneration of ₹1 lakh per day for the work specified, which RGICL found unreasonable. It seems RGICL has raised this issue with IRDAI. Their response on the same has not been submitted.

An Appointed Actuary cannot do the work as such after his/her resignation from the job unless the company cooperates with him/her. Ms. Kirti Kothari cannot be held responsible for the work when she cannot get access to records for completion of the work. Hence, she may be held not guilty.

PROCEEDINGS AT THE MEETING OF DISCIPLINARY COMMITTEE HELD ON 6TH OCTOBER 2017

It was noted that Ms. Kirti Kothari has provided the estimate of IBNR for Statutory Valuation. However, she has complained about the data only after 2-3 months. It was decided to advise Prosecution Director to relook at the Prima facie opinion on the technical aspect of the case.

REVISED PRIMA FACIE OPINION OF PROSECUTION DIRECTOR DATED 23RD NOVEMBER 2017

Prosecution Director relooked at the complaint as well as the technical aspect as specified by Disciplinary Committee. Prosecution Director mentioned that the specific allegation in the complaint is that Ms. Kirti Kothari has not submitted FCR and IBNR (final) within the time limit specified by IRDAI. It is pertinent to note that the time limit specified is 31st August 2015 which was extended upto 20th September 2015, while she has resigned on 27th August 2015 and was relieved by RGICL on 28th August 2015. Under such circumstances, Prosecution Director mentioned that her prima facie opinion is not being revised since the allegation is about non-receipt of the report by IRDAI.

PROCEEDING AT THE MEETING OF DISCIPLINARY COMMITTEE DATED 7TH JULY 2018

Disciplinary Committee discussed the prima facie opinion of Prosecution Director. The following points were noted and discussed.

1. It was clear that Ms. Kirti Kothari has estimated the IBNR provisions and has signed off on the same on 29th April 2015. These provisions were considered in the financial statements, the annual report and the solvency position that were submitted to the company Board and the IRDAI.
2. However Ms. Kirti Kothari has not submitted the signed detailed Appointed Actuary's report which details the data, the methodology and the assumptions used in the estimation of the IBNR provision for each line of business as required by the IRDAI. She has also not submitted the signed Financial Condition Report (FCR) as required by the IRDAI on the same date.
3. The last date for submission of these reports was 31st August 2015.
4. The committee noted that she was the Appointed Actuary for about 4 months from the date of estimation till 28th August 2015 (3 days before the last date for submission).
5. She claims to have not submitted these reports as she was not an Appointed Actuary on the last date for submission.
6. She has later submitted unsigned reports on estimation of IBNR provision over email on 20th September 2015. The company was willing to provide the information and draft Financial Condition Report for her review vide their email

dated 1st December 2015. She could not however finalize the financial considerations with the company.

7. The Actuarial Practice Standard (APS 21) which deals with Appointed Actuary and General Insurance Business and the Guidance Note (GN31) which deals with the Financial Condition Report for General Insurance Companies require an Appointed Actuary to submit the reports as in 2 above.
8. The mere fact that she was not Appointed Actuary as on the 31st August 2015 (the last date of submission) does not absolve the responsibility of the estimations performed and signed off by her in the financial statements, the annual accounts and the solvency position.
9. The signed detailed report is very much essential in understanding the estimation and also ensuring that the Appointed Actuary stands and be professionally liable for the estimations provided.
10. The Actuarial Practice Standard (APS 21) and the Guidance Note (GN31) however does not clearly elaborate on the responsibility Appointed Actuary in submitting the signed detailed report of estimation in case the same is not submitted earlier before relinquishing the role.
11. The Prosecution Director's Prima Facie opinion says that Ms. Kirti Kothari is not guilty as it could not be clearly established whether the defendant is guilty of any professional misconduct.
12. The Prosecution Director's opinion seems to have been derived on 10 above in combination with 5 above. In short the opinion seems to have been derived as a consequent non application of APS 21 and GN 31 as she was not an Appointed Actuary on the last date for submission.

In the light of the above, it was decided that the Disciplinary Committee seek the view of the IAI Council on 'whether the APS 21 and GN 31 is applicable in case of non submission of detailed reports as required by IRDAI post the relinquishing of the role before the last date for submission' before arriving at a conclusion on whether the defendant is guilty of professional misconduct or not.

Further the Disciplinary Committee decided that Ms. Kirti Kothari should be directed to submit the signed copy of these two reports (after including necessary qualifications as she may feel required and appropriate) to both the company and the IRDAI within a period of 30 days from date of receipt of the directive under intimation to the IAI Council.

It may further be noted the Disciplinary Committee has not formed any opinion on the violations of any guidelines or regulations as stipulated by the IRDAI for Appointed Actuaries while performing the role as the same is within the purview of the IRDAI. It is up to them to make any decision if any on the same."

Council was requested to provide its views on the requested matter so as to proceed on the case accordingly. Accordingly, letter dated 30th August 2018 was sent by Presiding Officer to the President.

PROCEEDINGS AT THE MEETING OF THE COUNCIL HELD ON 20TH OCTOBER 2018

Council discussed the letter dated 30th August 2018 from the

Presiding Officer, Disciplinary Committee. It noted that the Disciplinary Committee and Prosecution Director have powers of Civil Court as per section 28 of the Actuaries Act 2006. By invoking these powers the Disciplinary Committee can summon or discover and produce any document.

It further noted that Council do not have any authority to provide any opinion or comment on how the proceedings be conducted in the Disciplinary Committee.

The Council advised the Disciplinary Committee to submit its report under section 26 of Actuaries Act 2006. Accordingly, Order of the Council dated 13th November 2018 was sent to Disciplinary Committee.

PROCEEDINGS AT THE MEETING OF THE DISCIPLINARY COMMITTEE HELD ON 6TH DECEMBER 2018

The Committee examined the Office Order dated 13th November 2018 from President in respect to the following

- 1) The complaint above
- 2) Letter from Presiding officer, Disciplinary Committee dated 30th August 2018.

The Committee examined the allegation and observed that the Insurer is responsible for submission of the returns such as IBNR report to the IRDAI as per clause 3 of schedule 2(B) of IRDAI (Assets, Liabilities and solvency margin of the Insurers) Regulation 2000. This is reproduced below;
"Statement of Liability

3. Every general insurer shall prepare a statement of liabilities in Form HG, certified by an auditor approved by the Authority in accordance with section 64V of the Act, and also certified by its appointed actuary in respect of IBNR reserves. The statement shall be furnished to the Authority along with the returns mentioned in section 15 of the Act (Insurance Act, 1938)."

Hence, the allegation did not come under the purview of the Schedule of the Actuaries Act 2006, because the general insurer was responsible for furnishing of returns such as IBNR report to IRDAI. The onus is on the insurer to get a certificate from the Appointed Actuary and comply with the regulations.

RECOMMENDATION:

In view of the circumstances, the Committee recommended for closure of the complaint under Rule 9(4) of the Actuaries (Procedure for enquiry of Professional and Other misconduct) Rules, 2008.

DECISION AT THE MEETING OF COUNCIL HELD ON 29 DECEMBER 2018

It was decided with majority to close the matter as per the recommendation of the Disciplinary Committee and inform related parties.

Letter to this effect was sent to Complainant and Defendant on 22nd January 2019.

**BY ORDER
EXECUTIVE DIRECTOR**

Disciplinary Proceedings

This matter is being published in accordance with the decision of the Executive Committee (now Council) in its meeting held on 4th March, 2003 applicable to all such cases and keeping in view IAI's membership requirements of the International Actuarial Association.

Reference: Complaint of Mr. N Srinivasan (M. No 144) against Mr. K Subrahmanyam (M. No 184)

Complaint No: PD/C/4/2013-14 (Prosecution Director letter dated 15 January 2014)

THE ALLEGATION

Allegation 1:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	He never communicated to me in writing before taking over the GMR Male International work which was my client	1. The Schedule (See Section 31) Part I : Professional misconduct in relation to members of the Institute in practice: An Actuary in practice shall be deemed to be guilty of professional misconduct, if he (4) secures through the services of a person who is not an employee of such Actuary or who is not qualified to be his partner or by means which are not open to an Actuary, any professional business or (5) <u>accepts and assignment as Actuary previously held by another Actuary without first communicating with him in writing</u> or (7) engages in any business or occupation other than the profession of actuaries unless permitted by the Council so to engage provided nothing contained herein shall disentitle an actuary from being a director of a company (8) accepts a position as an actuary previously held by some other Actuary in practice in such conditions as to constitute undercutting (10) discloses information acquired in the course of his professional engagement to any person other than his client so engaging him without the consent of such client or otherwise than as required by any law for the time being in force

Allegation 2:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	Mr. K. Subrahmanyam while doing actuarial valuation of leave encashment plan as on 31/12/2010 for the Company Radiant - RSSC Speciality Cable Private Limited has valued a negative current service cost of ₹2,17,000 and reported the same in the actuarial report under AS 15 (revised 2005)	2) THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice, An Actuary in practice shall be guilty of professional misconduct if he: section (13) fails to disclose a material fact known to him in a valuation report or a financial statement, but disclosure of which is necessary to make the valuation report or the financial statement not misleading where he is concerned with such valuation report or the financial statement in a professional capacity (14) fails to report a material misstatement known to him to appear in a valuation report or financial statement with which he is concerned in a professional capacity; or & (15) he is grossly negligent in the conduct of his professional duties;

2	Current service cost represent present value of Leave counts earned by all the employees during the valuation period and payable in future as encashment on separation; if there is zero leave count in a particular year, then the net present value of leave for that period will be zero, but under no circumstance it can become negative	3) THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice, An Actuary in practice shall be guilty of professional misconduct if he: (16) fails to obtain sufficient information to warrant the formation of an opinion in regard to any matter contained in any valuation report or financial statement prepared by him or on his behalf or & (17) fails to invite attention to any material departure from the generally accepted procedure or professional work applicable to the circumstances, in any valuation report or financial statement prepared by him or on his behalf.
3	A negative service cost enables a company to understate the liabilities. Hence he has not acted independently in giving the valuation report, but was apparently dictated by the client company	4) The Schedule (See Section 31) Part I : Professional misconduct in relation to members of the Institute in practice: An Actuary in practice shall be deemed to be guilty of professional misconduct, if he section (4) secures either through the services of a person who is not an employee of such Actuary or who is not qualified to be his partner or <u>by means which are not open to an Actuary</u> , any professional business & (6) charges or offers to charge, accepts or offers to accept in respect of any professional employment fees which are based on a percentage of profit or which are <u>contingent upon the findings or results of such employment</u> except as permitted under any regulation made under this Act
4	Preparation of the actuarial valuation report clearly suggest incompetency of Mr. K. Subrahmanyam, as an Actuary, and also lack of application of mind and gross negligence, while preparing actuarial reports	5) THE SCHEDULE (See Section 31), Part IV, Other misconduct in relation to members of the Institute generally and THE SCHEDULE (See Section 31)
5	Hence Mr. K. Subrahmanyam has sold his signature	6) THE SCHEDULE (See Section 31), Part I : Professional misconduct in relation to members of the Institute in practice, section 4 (by means not open to an actuary) & 6 (charges contingent upon result of such employment)
6	Because of the above report, Mr. K. Subrahmanyam has brought disrepute to the profession, as well as to the Institute as a result of his action while carrying out his professional work	7) THE SCHEDULE (See Section 31), Part IV, Other misconduct in relation to members of the Institute generally. A member of the Institute whether in practice or not, shall be deemed to be guilty of other misconduct if (A)(1) he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term not exceeding six months; (2) in the opinion of the Council, he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work

Allegation 3:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	Mr. K. Subrahmanyam was working as Executive Director in the IRDA since its inception till his retirement in July 2011	
2	During his tenure as ED, he was acting as an Actuary in practice, which is clear from his valuation report for Radiant RSSC which is attached in Annexure A without disclosing to his clients this fact	8) THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice,: (13) fails to disclose a material fact known to him in a valuation report or a financial statement, but disclosures

		of which is necessary to make the valuation report or the financial statement not misleading where he is concerned with such valuation report or the financial statement in a professional capacity or (14) fails to report a material misstatement known to him to appear in a valuation report or financial statement with which he is concerned in a professional capacity; or & (15) is grossly negligent in the conduct of his professional duties;
3	I have obtained information dated 19/7/2013 sought by Mr. Jambukeswaran, under RTI Act, which clearly shows Mr. K. Subrahmanyam was subject to IRDA conditions of service of officers and other employees Regulation 2000 and Executive Rules for staffing IRDA 2009 and he has not taken any permission from IRDA for doing private work. Annexure B is the copy of the information dated 19/7/2013	9)THE SCHEDULE (See Section 31), Part III, Professional misconduct in relation to members of the Institute generally: A member of the Institute whether in practice or not shall be deemed to be guilty of professional misconduct, if he(1) includes in any statement, return or form to be submitted to the Council any particulars knowing them to be false or (4) contravenes any provisions of this act or the regulations made thereunder or any guidelines issued by the council under clause (i) of sub-section (2) of section 19
4	Pursuant to the above information, I have intimated the above dishonest information to Mr. P. Chidambaram, Union Finance Minister so that the insurance industry can be saved from dishonest and negligent professional like Mr. K. Subrahmanyam. Annexure C is the copy of my letter to Mr. P. Chidambaram	
5	Hence he was doing private practice clandestinely without informing the Institute that he was practising without permission of IRDA suppressing a material information knowing such suppression is false	10) Part III: Professional misconduct in relation to members of the Institute generally: : A member of the Institute whether in practice or not shall be deemed to be guilty of professional misconduct, if he (1) includes in any statement, return or form to be submitted to the Council any particulars knowing them to be false
6	Since his private practice is illegal, the fees received by him becomes illegal gratification in the eyes of law	11) Part II: Professional misconduct in relation to members of the Institute in service. A member of the Institute (other than a member in practice shall be deemed to be guilty of professional misconduct, if he being an employee of any company, firm or person, accept, agrees to accept any part of fees, profits or gains by way of commission or gratification
7	He was taking classes on professionalism in the last held retirement benefits seminar, while doing so, bringing discredit to this illustrious profession; he always feels laws are only for others and not for himself	12) The Schedule (See Section 31) Part IV, Other misconduct in relation to members of the Institute generally, (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work

Allegation 4:

1	Mr K.Subrahmanyam has brought disrepute to the Institute by falsely victimising me (a fellow member) of professional misconduct with a view to take over my clients and business. Before giving a complaint against me on 12.08.2012 with reference to a valuation report purportedly given by DG Consultancy Services of which me and Mr Arun were Partners. Mr K.Subrahmanyam has informed Mr Arun of such proposed complaint and thereby helped Mr Arun to wash off his hands of DG Consultancy, as Mr K.Subrahmanyam wanted to target only me by hook or crook.	13) THE SCHEDULE (See section 31), Part IV, Other misconduct in relation to members generally (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.
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2	As a result of such an information, Mr Arun planned his retirement from the firm from a date prior to the date on which he decided to retire. Thus the date of stamp paper is 4 th July 2012 while the date of retirement is 23 rd June 2012.	14) THE SCHEDULE (See section 31), Part I, Professional Misconduct in relation to members of the Institute in Practice. Section 4 (by means not open to an actuary)
3	Thereafter Mr Dorai sent an email informing me that Mr Arun has informed him that Mr K.Subrahmanyam was going to file a complaint with reference to the report of GMR Male International which was signed by Mr Arun. Mr Arun was aware of frivolous complaint which was going to be filed with a view to implicate me. To his utter dismay, even PD in the alleged misconduct complaint against me, in his report gave a clean chit to Mr Arun.	
4	Both I and Mr K.Subrahmanyam are based in South India and mainly catering to Companies having their operations in the South India. I started the practice in 2008 and has penetrated the actuarial professional business on the basis of his skills, with a portfolio of considerable number of companies in a very short span of time.	
5	As pointed out earlier, as Mr K.Subrahmanyam was illegally doing private practice, the auditors and company executives did not prefer to go to Mr K. Subrahmanyam for actuarial reports, but prefer to come to me.	15) THE SCHEDULE (See section 31), Part IV, Other misconduct in relation to members generally and THE SCHEDULE (See section 31), Part I, Professional Misconduct in relation to members of the Institute in Practice. Section (15) he is grossly negligent in the conduct of his professional duties.
6	In fact Mr K.Subrahmanyam has in the disciplinary proceeding against me with the Disciplinary Committee, requested DC in his letter dated 8-08-2013, in page 3, para WS 10, not to proceed against Mr Arun, though 7 supplied valuation reports of DG Consultancy provided by Mr K.Subrahmanyam vide his letter dated 8 th August 2013 pertains to the period when Mr Arun was a partner.	16) THE SCHEDULE (See section 31), Part IV, Other misconduct in relation to members generally (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.
7	In view of the above facts, it is clear that the complaints filed by Mr K.Subrahmanyam against me are ill motivated complaints to tarnish my image and indirectly take over my business and such act of Mr K.Subrahmanyam, brings disrepute to the Institute.	

PRIMA FACIE OPINION DATED 2ND JULY 2014

Allegation 1

Allegation 1 is refers to the earlier case of Mr. K. Subrahmanyam against Mr. N. Srinivasan (PD/C/2/2012-13), which is being heard by the Disciplinary Committee.

This part of allegation was forwarded by erstwhile Prosecution Director to Disciplinary Committee in terms of Rule 5 (4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration. **Hence, it is not being dealt with in this opinion.**

Allegation 2

In support of Allegation 2, Mr. N. Srinivasan has submitted the following as evidences:

S. No.	Annexure No.	Particulars
1	A	Photocopy of Actuarial Report under AS 15 (revised 2005) for Leave Encashment Plan Valuation as on valuation date : 31/12/2010 submitted by Mr. K. Subrahmanyam to Radiant - RSCC Speciality Cable Pvt. Ltd.

Written Statement 22nd March, 2014 of Mr. K. Subrahmanyam states as under:

'You (PD) may notice the conflicting statements he was making in my complaint and even now in respect of the definition of current service cost as detailed below:

'service cost is the cost of current year leave benefits earned'

'Current service cost represents present value of leave counts earned by all the employees during the valuation period and payable in future as encashment on separation.'

As per AS 15-R, current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Rejoinder 10th May, 2014:

Nothing specific on the above point has been stated in the rejoinder.

Clarification sought 4th June 2014:

Prosecution Director sought clarification from Mr. K. Subrahmanyam as under:

It has been observed that the written statement does not seem to be countering the allegation 2, part 1 - 3 which states as under:

"1. Mr. K. Subrahmanyam while doing actuarial valuation of leave encashment plan as on 31/12/2010 or the Company Radiant - RSCC Speciality Cable Private Ltd. has valued a **negative current service cost** of ₹2,17,000 and reported the same in the actuarial report under AS 15 (revised 2005).

2. Current service cost represent present value of Leave counts earned by all the employees during the valuation period and payable in future as encashment on separation, if there is zero leave count in a particular year, then the net present value of leave will be zero but **under no circumstance can it become negative.**

3. **A negative service cost enables a company to understate the liabilities.** Hence he has not acted independently in giving the valuation report, but was apparently dictated by the client company."

Mr. K. Subrahmanyam has clarified as given below:

Part 1 of Allegation 2

'Actually, I did counter the complainant's allegation 2 under

written statement number 4 which I believe has escaped your kind attention.

- 1) On this Mr. Srinivasan cannot bring an allegation as the report did not violate any IAI GN or APS
- 2) Allegation is not about structure of the report not being complaint with any IAI GN or APS but its content in one respect. Such issues (as pointed out by N. Srinivasan) about minute points of calculations can be raised by anyone and in any report and which opinion can be subjective and mala fide. These aspects are within the purview of the client, client's Auditor and the Actuary and cannot be generally subject matter of complaint for professional misconduct. I request you as Prosecution Director to consider and enquire as to how N. Srinivasan gets my report of year 2010, when he gets it and as to why he is raising this as issue now and did not when he got the report. The only legitimate way that he could have got the report is that for the succeeding year the client would have approached him for actuarial report and Srinivasan would have asked for it. If this were so, N Srinivasan was expected to write to me as required under section 7 of PCS ver 3.00. I have not received such communication. If he found the report to be defective then only he should have raised this issue. The very fact that he is doing now it should be clear that the only objective of N Srinivasan is to create excuses for prolonging the Disciplinary proceedings against him already pending before the Disciplinary Committee.'

Part 2 of Allegation 2:

- 1) This is only general statement of Mr. Srinivasan defining the service cost on which I need not respond
- 2) Mr. Srinivasan does not allege that I violated any IAI GN or APS26. I reproduce what I stated in my written statement earlier:

'service cost is the cost of current year leave benefits earned' (see para 3 page 18 of the then Prosecution Director, Mr. Narasimhan's prima facie opinion dated 18.5.2013 in respect of my complaint)

'Current service cost represents present value of leave counts earned by all the employees during the valuation period and payable in future as encashment on separation.' (see the allegation no.2 of Mr. Srinivasan's present complaint)

As per AS 15-R, current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. [Prosecution

Director may notice that AS15-R never said that this represents present value of leave counts earned (if you consider this as benefit) during the valuation period and payable in future]

Part 3 of Allegation 2:

Mr. K. Subrahmanyam states as under:

In this regard, Prosecution Director may take necessary disciplinary action against Mr. Srinivasan for misleading the disciplinary committee by giving wrong statement such as definition of current service cost in his above complaint.

“3. A negative service cost enables a company to understate the liabilities. Hence he (Mr. Subrahmanyam) has not acted independently in giving the valuation report, but was apparently dictated by the client company.”

My response:

This is a statement of Mr. Srinivasan giving his own 'judgement'

without mentioning in what capacity he is making statement and without any evidence as to how 'I was apparently dictated by the client company' when the client never mentioned anything to me and how I violated the IAI GN or APS. He is not the client who should be concerned. I would request you to go by the statement what I made under point 1 as regards my response is concerned.

Comments:

As per AS - 15, valuation of current service cost as negative does not seem to be possible since as per the definition given in AS - 15, it is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Despite specific clarification being sought from Mr. K. Subrahmanyam, there has been no clear response on the said matter. The Part - 3 of Allegation 2 which states 'A negative service cost enables a company to understate the liabilities', is a corollary to the Part - 1 of the Allegation 2. There is no response to this Part of the Allegation either.

Allegation 3

In support of Allegation 3, Mr. N. Srinivasan has submitted the following as evidences:

S. No.	Annexure No.	Particulars
1	A	Photocopy of Actuarial Report under AS 15 (revised 2005) for Leave Encashment Plan Valuation as on valuation date : 31/12/2010 submitted by Mr. K. Subrahmanyam to Radiant - RSCC Speciality Cable Pvt. Ltd.
2	B	Copy of information received by Mr. Jambukeswaran under RTI Act
3	C	Copy of letter sent by Mr. N. Srinivasan to Mr. P. Chidambaram

Written Statement dated 22nd March, 2014 states as under:

Mr. K. Subrahmanyam has stated as under:

'If I had carried out such work without explicit permission of IRDA, which is not true as I did have permission, there could be an issue between IRDA and me'

Rejoinder dated 10th May, 2014 states as under:

'If you go through the staff regulation, it is clearly mentioned that IRDA cannot take policy decisions where some individuals are kept at an advantageous position vis-à-vis the other. Moreover, it is a clear violation of staff regulation and led to the disreputation of the profession itself as he occupied the chair of 'executive director' which is a senior officer position.'

'This is very serious and he could not have occupied the chair on Pensions advisory committee when he is not allowed practice for which he was claiming with everybody that he had permission to practice'

Comments:

The evidence given by Mr. N. Srinivasan under Annexure B (RTI copy) does not directly suggest that Mr. K. Subrahmanyam did

not have permission to practice. It does specify that Mr. K. Subrahmanyam was subject to the specified Regulations and Rules of IRDA.

IRDA states as under:

Q2: Whether he has taken necessary permission from IRDA to do actuarial consultancy work?

Reply: No information is available with IRDA in this regard.

Even if he has not taken permission of IRDA, it is a matter between employer and employee i.e. IRDA and Mr. Subrahmanyam and hence it does not fall within the purview of my opinion.

Allegation 4:

Parts 1-7 of Allegation 4 refers to the previous case which is being heard by the Disciplinary Committee.

Allegation 4 is refers to the earlier case of Mr. K. Subrahmanyam against Mr. N. Srinivasan (PD/C/2/2012-13), which is being heard by the Disciplinary Committee. This part of allegation was forwarded by erstwhile Prosecution Director

to Disciplinary Committee in terms of Rule 5 (4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration. Hence, it is not being dealt with in this opinion.

PRIMA FACIE OPINION:

1. With respect to Allegation 1, this Allegation has been handed over to the Presiding Officer by the erstwhile Prosecution Director and hence it cannot be a subject matter of my opinion.
2. Since the member, Mr. K. Subrahmanyam has chosen not to respond specifically to the Allegation 2 made and as per AS-15, current service cost cannot be valued as negative, Mr. K. Subrahmanyam may be held guilty of negligence as per The Schedule - Part I(15) to The Actuaries Act, 2006.
3. There is no merit in the Allegation 3 and hence the member, Mr. K. Subrahmanyam may be held not guilty to Allegation 3.
4. Allegation 4 has been handed over to the Presiding Officer by the erstwhile Prosecution Director and hence it cannot be a subject matter of my opinion.

PROCEEDINGS AT THE MEETING OF DISCIPLINARY COMMITTEE

Disciplinary Committee in its meeting dated 8th August 2014 deliberated on the prima facie opinion of the Prosecution Director dated 2nd July 2014 and decided as under

1. Combine Allegations 1 and 4 with the currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13)

The erstwhile Prosecution Director, Mr. RL Narasimhan vide his letter dated 15th January 2014 had written to Presiding Officer as under;

“As the first and fourth allegations refer to the case of 'K.Subrahmanyam vs N.Srinivasan' (PD/C/2/2012-13), which is currently being heard by the Disciplinary Committee, I am forwarding the Complaint with all the annexures to the Disciplinary Committee in terms of Rule 5 (4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration if any.”

Disciplinary Committee noted the same and decided to combine Allegation 1 and 4 with currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008

2. Allegation 2 -

Members deliberated on the allegation 2 about the negative

current service cost in the actuarial report under AS 15 (Revised 2005) given by Mr. K Subrahmanyam while doing the actuarial valuation of leave encashment plan as on 31 Dec 2010 for his client “Radiant - RSSC Speciality Cable Pvt Ltd”. It was noted that despite specific clarification being sought by the Prosecution Director on this aspect of current service cost being negative, there was no clear response on the matter from Mr. K Subrahmanyam. In the absence of a specific response from Mr K Subrahmanyam the Disciplinary Committee was not able to conclude the reasons for the current service cost being negative.

The members therefore agreed with the Prima Facie opinion of the Prosecution Director holding Mr. K Subrahmanyam guilty of negligence as per the schedule - Part 1(15) to the Actuaries Act 2006.

3. Allegation 3 - Members deliberated on the allegation 3 that Mr. K Subrahmanyam during his tenure as Executive Director at IRDA, was acting as an Actuary in practice, without permission from IRDA to do so. It was observed that practicing as an actuary without permission of IRDA is matter between employer and employee i.e IRDA and Mr. K Subrahmanyam and as such it is not a Professional Misconduct as per the Actuaries Act 2006 and The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. The members agreed with the Prima Facie opinion of the Prosecution Director holding Mr. K Subrahmanyam not guilty of all the allegation made under Allegation 3.

The Committee therefore concluded that;

1. Allegation 1 and 4 - These allegations will be combined with the currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13).
2. Allegation 2 - The Disciplinary Committee agreed with the Prima Facie Opinion of the Prosecution Director and therefore proceed further under Chapter IV of The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008.
3. Allegation 3 - The Disciplinary Committee agreed with the Prima Facie Opinion of the Prosecution Director and therefore proceed further under Rule 9 of The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008.

Defendant during the hearing pleaded “Non Guilty” to Allegation 2.

The Disciplinary Committee in its meeting held on 24th August 2015 after taking into consideration the written statement, rejoinder and documents relating thereto, and oral submission made by Defendant, the Prosecution Director and the respondent and decided under Allegation 2 as under

Allegations and Corresponding Clause/Part under which the alleged Acts of Commission and Omission or both would fall	Disciplinary Committee Decision
1. While doing actuarial valuation of Leave Encashment plan as on 31.12.2010 for the Company Radiant-RSSC Speciality Cable Private Ltd, Mr. K. Subrahmanyam has valued a	The committee noted that Mr K Subrahmanyam has taken change

negative current service cost of ₹2,17,000 and reported the same in the Actuarial Report under AS 15 (Revised 2005). Consequently Mr. K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clauses (13) (14) and (15) of Part I of the Schedule.	in the past service cost as Nil and combined the past service cost with current service cost and shown the combined value against the head "Current Service Cost" as negative (- ₹2,17,000) which is not as per the APS 26 issued by the Institute. However, this is more of a presentational issue and not amounting to material breach of Profession Standards. In view of the above, Committee is of the view that Mr. K Subrahmanyam is not guilty of Professional Misconduct
2. Current Service Cost represent present value of Leave counts earned by all the employees during the Valuation Period and payable in future as encashment on separation ; if there is zero leave count in a particular case, then the net present value of leave for that period will be zero, but under no circumstances it can become negative. Consequently, Mr. K.Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clauses (16) and (17) of Part I of the Schedule.	
3. A negative service cost enables a Company to understate the liabilities. Hence Mr. K. Subrahmanyam has not acted independently in giving the valuation report, but was apparently dictated by the client Company. Consequently, Mr K.Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clauses (4) and (6) of Part I of the Schedule.	
4. The preparation of the actuarial valuation report clearly suggests incompetency of Mr. K. Subrahmanyam as an Actuary and also lack of application of mind and gross negligence, while preparing the actuarial reports. Consequently, Mr K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with Part IV and Part I of the Schedule.	
5. Hence Mr. K. Subrahmanyam has sold his signature. Consequently, Mr. K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clauses (4) and (6) of Part I of the Schedule.	
6. Because of the above report, Mr. K. Subrahmanyam has brought disrepute to the profession as well as to the Institute as a result of his action while carrying out his professional work. Consequently, Mr. K. Subrahmanyam is guilty of Professional Misconduct within the meaning of Section 31 read with clause A (1) & (2) of Part IV of the Schedule.	

Further, in view of application submitted by the Complainant, Disciplinary Committee visited the Allegation 1 and 4 wherein it has, in its meeting held on 8th August 2014, decided to combine Allegation 1 and 4 with currently open complaint of Mr. K Subrahmanyam against Mr. N Srinivasan (Complaint No. PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. The Committee observed that the Complainant and Defendant under both the complaint were different and it would be appropriate if allegation 1 and 4 were determined independently of the complaint of Mr. K Subrahmanyam against Mr. N Srinivasan. In view of this, it was decided to ask Prosecution Director to further investigate the matter on Allegation 1 and 4 as per Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. It was decided to inform Complainant and Defendant accordingly.

Prosecution Director submitted her Prima facie opinion dated 28 October 2015 on Allegation 1 and 4. As this report was inconclusive in some respect, Prosecution Director was advised resubmit the report. Prosecution Director submitted Revised Prima Facie Opinion dated 20th February 2016. Disciplinary Committee discussed the matter and disagreed with the Opinion of Prosecution Director. It was noted that as this case was dependent on decision in respect of Complaint of Mr. K Subrahmanyam (M. No 184) against Mr. N Srinivasan (M. No 144)

(Complaint No. PD/C/2/2012-13), hence, it was decided to keep the matter pending till decision is taken in the case of complaint of Mr. K Subrahmanyam against Mr. N Srinivasan.

In the proceeding held in Disciplinary Committee Meeting held on 2nd September 2016, it was decided as under;

On Allegation 1, the DC noted that, in Disciplinary case of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13), Mr. K Subrahmanyam has communicated vide his email dated 9th July 2012 to the Complainant, Mr. N Srinivasan before taking the assignment of M/s GMR Male. Extract of the email is as under;

"Dear Mr. Srinivasan,

I understand you work for DG Consultancy Services.

Since you you are actuary of DG Consultancy Services, Bangalore for the valuation assignments of GMR International Airport Pvt Ltd., Maldives, I am informing you that this client has given me the valuation assignments w.e.f 30th June, 2012.

K Subrahmanyam

Consulting Actuary"

Mr. K Subrahmanyam in his written statement dated 18th March 2014 has submitted that he has communicated to Mr. N Srinivasan as required under section 7 of PCS ver 3.00 which Mr. N Srinivasan did not respond to. In his rejoinder dated 10th May 2014, Mr. N Srinivasan submitted that "he must address his communications to the actuary and owners and not to third parties or employees." It was also noted that Mr. K Subrahmanyam has sent email to email id given in the letter head of M/s D G Consultancy Services and therefore, it felt that Mr. K Subrahmanyam adequately informed Mr. N Srinivasan before taking the assignment.

The DC after deliberations has concluded that the defendant, Mr. K Subrahmanyam is not guilty of any Professional or Other misconduct.

It was decided to forward the complaint to Council to close the complaint as per Rule 9(4) of the Actuaries (Procedure for Enquiry of Professional and other Misconduct) Rules, 2008.

On Allegation 4, Disciplinary Committee considered the written statement, rejoinder, documents relating thereto and prima facie opinion of Prosecution Director and found that there is no substance and merit in the allegation made and concluded that the defendant Mr. K Subrahmanyam is not guilty of any

Professional or Other misconduct.

It was decided to forward the complaint to Council to close the complaint as per Rule 9(4) of the Actuaries (Procedure for Enquiry of Professional and other Misconduct) Rules, 2008.

CONCLUSION

Defendant, Mr. K Subrahmanyam is not guilty of Allegation 1, 2, 3 and 4.

PROCEEDING AT THE MEETING OF COUNCIL DATED 4TH FEBRUARY 2017

The Council unanimously agreed on the findings of the Disciplinary Committee and held defendant, Mr. K Subrahmanyam not guilty of Allegations 1, 2, 3 and 4.

Letter along with Order of Council dated 8th March 2017 was sent to Complainant and Defendant accordingly.

BY ORDER
EXECUTIVE DIRECTOR

Obituary

Shri Mukund Diwan Saheb



(1931 – 2019)

We deeply mourn the loss of our beloved Shri M.G. Diwan who left for heavenly abode on 27th December, 2019. Your contribution to Actuarial profession in India shall be remembered always.

Disciplinary Proceedings

This matter is being published in accordance with the decision of the Executive Committee (now Council) in its meeting held on 4th March, 2003 applicable to all such cases and keeping in view IAI's membership requirements of the International Actuarial Association.

Reference: Complaint of Mr. N Srinivasan (M. No 144) against Mr. Liyaquat Khan (M. No 96)

Complaint No: PD/C/3/2013-14

THE ALLEGATION (PROSECUTION DIRECTOR LETTER DATED 15 JANUARY 2014)

Allegation 1:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	Mr. L. Khan has brought disrepute to the profession as well the Institute by voluntarily violating the provisions of the Actuaries Act particularly Section 39 of the Actuaries Act	Chapter VI, Section 39. Companies not to engage in actuarial practice: 1) No Company whether incorporated in India or elsewhere shall practice as Actuaries
2	He has signed the valuation report of Capillary Technologies Pvt. Ltd. For valuation of gratuity plan as on 31/3/2011. The said report bears the company name Numerica and Logo. In the said report, Mr. Khan does not mention the address of the Numerica. Further does not mention his membership number. In the said report, it is mentioned that "Capillary Technologies Pvt. Ltd. (the Company) has approached us, clearly meaning Numerica is not a proprietary concern. Annexure A is the copy of the report.	Chapter VI, Section 39. Companies not to engage in actuarial practice: 2) Any company contravening the provisions of sub-section (1) shall be punishable on first conviction with fine which may extend to ten thousand rupees and on any subsequent conviction with fine which may extend to twenty-five thousand rupees.
3	Numerica is a Company called Numerica Quantitative Services Pvt. Ltd. Which is illegally carrying on the business of actuary and having its head office at Level 15, Concorde Towers, UB City, 1, Vittal Mallya Road, Bangalore - 560001 and Branch Office at Level 9, Platina, Block G, Plot C-59, Bandra-Kurla Complex, Bandra East, Mumbai - 400051; The logo of the Company is same as the logo of the Numerica appearing on the report of Capillary Technologies Pvt. Ltd. The said Company has a website www.numerica.in , through which it is soliciting Actuarial work. Mr. Liyaquat Khan is having email address as liyaquat.khan@numerica.in . Annexure B is the web page of the company. Annexure C is the contact web page of the company.	Chapter VI, Section 41. Offences by companies: (1) If the person committing an offence under this Act is a company, <u>the company as well as every person in charge of and responsible to the company for the conduct of its business at the time of the commission of the offence</u> shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly; Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence. (2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved, that the offence has been committed with the consent or connivance of or that the commission of the offence is attributable to any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.
4	Hence Mr. Liyaquat Khan is in charge of the company and doing actuarial work by soliciting through the said company, which is in contravention of section 39 of the Actuaries Act and thereby Mr. Liyaquat Khan is guilty of professional misconduct. Further this is an	The Schedule (See Section 31) Part 1, sec 4: (4) secures either through the services if a person who is not an employee of such Actuary or who is not qualified to be his partner or by means which are not open to an Actuary any professional business; & Sec 7(7) engages in any business or occupation

	offence covered by Section 41 of the Act. Even otherwise a person cannot do indirectly what he is not permitted to do directly.	other than the profession of Actuaries unless permitted by the Council so to engage: THE SCHEDULE (see Section 31) Part IV, Other Misconduct in relation to the members of the Institute generally, (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work
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Allegation 2:

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	In the report made by him for Capillary Technologies, he has failed to comply with sec. 119 and 120 of AS 15 (Revised 2005), Annexure D is the relevant portion of AS 15 2005 R and ASB guidelines	5. THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice, section 13,14,15,16 & 17: (13) fails to disclose a material fact known to him in a valuation report or a financial statement, but disclosures of which is necessary to make the valuation report or the financial statement not misleading where he is concerned with such valuation report or the financial statement in a professional capacity or 6. (14) fails to report a material misstatement known to him to appear in a valuation report or financial statement with which he is concerned in a professional capacity; or 7. (15) is grossly negligent in the conduct of his professional duties; or 8.(16) fails to obtain sufficient information to warrant the formation of an opinion in regard to any matter contained in any valuation report or financial statement prepared by him or his behalf; or 9. (17) fails to invite attention to any material departure from the generally accepted procedure or professional work applicable to all circumstances in any valuation report or financial statement prepared by him or on his behalf.
2	Under page 10 &11 of his report, the current service cost, interest cost etc. has not been worked out and the entire liability is shown as current service cost. The practice is one should collect the data of 2010 and 2011 and work out interest cost, service cost etc. correctly; Then only one can comply with section 120 of AS 15	10. THE SCHEDULE (See Section 31), Part IV, Other misconduct in relation to members of the Institute generally, (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work; 11. Further, The Schedule (See Section 31) Part I, sec(16) fails to obtain sufficient information to warrant the formation of an opinion in regard to any matter contained in any valuation report or financial statement prepared by him or his behalf
3	Otherwise the company will not have correct ingredient for product costing which is one of the important purpose and principles of accounting	12. THE SCHEDULE (See Section 31), Part IV, Other misconduct in relation to members of the Institute generally
4	Mr. L. Khan is one of the members in the committee which is adjudicating a professional misconduct complaint against me. On 18-5-2013, the DC decided to proceed against me. Before 18-5-2013, a company called Capillary Technologies Pvt. Ltd. with its registered office at Bangalore approached me for gratuity valuation report. The said company was a client of Mr. L. Khan before it approached me. Further in the last six months two more companies, namely Simmetric Development Services and Design Tree service consultancy which were handled by Mr. L. Khan are now my clients. Vide Annexure E	

5	Both me and Mr. Khan are catering to companies having their operations/offices in Bangalore. By professional standards of integrity and honesty Mr. Liyaquat Khan must not have become part of the DC adjudicating complaint of professional misconduct against me as he has a grudge against me as well as bad motive of ruining my career as his clients are turning to me for actuarial records.	1. THE SCHEDULE (See Section 31), Part IV, Other misconduct in relation to members of the Institute generally, (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work
6	By continuing as member of the DC, he has ensured to make roving enquiries by issuing summons to my clients to tarnish my image	2. THE SCHEDULE (See Section 31), Part III, Professional Misconduct in relation to members of the Institute generally. A member of the Institute, whether in practice or not, shall be deemed to be guilty of Professional Misconduct, if he - (4) contravenes any provisions of this act or the regulations made there under or any guidelines issued by the council under clause (i) of sub section (2) of section 19 3. Part IV, Other misconduct in relation to members of the Institute generally, (2), he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work
7	Hence Mr. Liyaquat Khan has turned the DC into a theatre of the absurd and brought down the reputation of the actuarial profession and the Institute by demonstrating lowest standards of professionalism, integrity, morality and honesty	4. THE SCHEDULE (See Section 31), Part III, Professional Misconduct in relation to members of the Institute generally. A member of the Institute, whether in practice or not, shall be deemed to be guilty of Professional Misconduct, if he - (4) contravenes any provisions of this act or the regulations made there under or any guidelines issued by the council under clause (i) of sub section (2) of section 19
8	He has not intimated the other members of the DC that 3 of his clients has left him and are now my clients. He has displayed his intention of victimizing me which is unbecoming of the member if the Institute which is a professional body.	5. THE SCHEDULE (See Section 31), Part I, Professional misconduct in relation to members of the Institute in practice, section 4 (by means not open to an actuary)

Prosecution Director's Opinion dated 6th May 2014

Allegation 1:

Complaint against Mr. Khan and M/s. Numerica Quantitative Services Pvt. Ltd. (Numerica) is based on Sections 39 and 41 of The Actuaries Act, 2006 and hence cannot be dealt with by the office of the Prosecution Director. This conclusion is based on Rule 8 of The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008 which specifically states (a) the procedure to be followed by the Prosecution Director if the complaint is received against an individual member (b) the procedure to be followed by the Prosecution Director if the complaint is received against a firm (as entered in the Register of Offices of Firms maintained by the Institute). Since Numerica is a company, it is not an individual under Rule 8(a) and since it is not a firm as per the Register of Offices of Firms maintained by the Institute of Actuaries of India, no further action can be taken by the Prosecution Director in this allegation.

Allegation 2:

In support of Allegation 2 Part 1-3, Mr. N. Srinivasan has submitted the following as evidences:

S. No.	Annexure No.	Particulars
1	A	Photocopy of Actuarial Valuation of Gratuity Plan as at 31 st March 2011 done by Numerica for Capillary Technologies Pvt. Ltd.
2	D	Photocopy of relevant sections 119 and 120 of the Actuaries Act, 2006 and relevant extract Regulation 18 of the ASB Guidelines

Part 1 of Allegation 2: states that section 119 and 120 of AS 15 is not complied with. The evidence given for this Part of the Allegation is Annexure A which is a photocopy of the Actuarial Valuation of Gratuity Plan and Annexure D which is a photocopy of relevant sections of the Actuaries Act and ASB Guidelines. Section 119 and 120 is quoted herewith for ready reference:

Disclosure

119. An enterprise should disclose information that enables users of financial statements to evaluate the nature of its defined benefit plans and the financial effects of changes in those plans during the period.

120. An enterprise should disclose the following information about defined benefit plans:

- (a) the enterprise's accounting policy for recognising actuarial gains and losses.
- (b) a general description of the type of plan.
- (c) a reconciliation of opening and closing balances of the present value of the defined benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following:
 - (i) current service cost,
 - (ii) interest cost,
 - (iii) contributions by plan participants,
 - (iv) actuarial gains and losses,
 - (v) foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency,
 - (vi) benefits paid,
 - (vii) past service cost,
 - (viii) amalgamations,
 - (ix) curtailments, and
 - (x) settlements.
- (d) an analysis of the defined benefit obligation into amounts arising from plans that are wholly unfunded and amounts arising from plans that are wholly or partly funded.
- (e) a reconciliation of the opening and closing balances of the fair value of plan assets and of the opening and closing balances of any reimbursement right recognised as an asset in accordance with paragraph 103 showing separately, if applicable, the effects during the period attributable to each of the following:
 - (i) expected return on plan assets,
 - (ii) actuarial gains and losses,
 - (iii) foreign currency exchange rate changes on plans measured in a currency different from the enterprise's reporting currency,
 - (iv) contributions by the employer,
 - (v) contributions by plan participants,
 - (vi) benefits paid,
 - (vii) amalgamations, and
 - (viii) settlements.
- (f) a reconciliation of the present value of the defined benefit obligation in (c) and the fair value of the plan assets in (e) to the assets and liabilities recognised in the balance sheet, showing at least:
 - (i) the past service cost not yet recognised in the balance sheet (see paragraph 94);
 - (ii) any amount not recognised as an asset, because of the limit in paragraph 59(b);
 - (iii) the fair value at the balance sheet date of any reimbursement right recognised as an asset in accordance with paragraph 103 (with a brief description of the link between the reimbursement right and the related obligation); and
 - (iv) the other amounts recognised in the balance sheet.
- (g) the total expense recognised in the statement of profit and loss for each of the following, and the line item(s) of the statement of profit and loss in which they are included:
 - (i) current service cost;
 - (ii) interest cost;
 - (iii) expected return on plan assets;
 - (iv) expected return on any reimbursement right recognised as an asset in accordance with paragraph 103;
 - (v) actuarial gains and losses;
 - (vi) past service cost;
 - (vii) the effect of any curtailment or settlement; and
 - (viii) the effect of the limit in paragraph 59 (b), i.e., the extent to which the amount determined in accordance with paragraph 55 (if negative) exceeds the amount determined in accordance with paragraph 59 (b).
- (h) for each major category of plan assets, which should include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major category constitutes of the fair value of the total plan assets.
- (i) the amounts included in the fair value of plan assets for:
 - (i) each category of the enterprise's own financial instruments; and
 - (ii) any property occupied by, or other assets used by, the enterprise.
- (j) a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets.
- (k) the actual return on plan assets, as well as the actual return on any reimbursement right recognised as an asset in accordance with paragraph 103.
- (l) the principal actuarial assumptions used as at the balance sheet date, including, where applicable:
 - (i) the discount rates;
 - (ii) the expected rates of return on any plan assets

for the periods presented in the financial statements;

- (iii) the expected rates of return for the periods presented in the financial statements on any reimbursement right recognized as an asset in accordance with paragraph 103;
- (iv) medical cost trend rates; and
- (v) any other material actuarial assumptions used.

An enterprise should disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables. Apart from the above actuarial assumptions, an enterprise should include an assertion under the actuarial assumptions to the effect that estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- (m) the effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on:

- (i) the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs; and
- (ii) the accumulated post-employment benefit obligation for medical costs.

For the purposes of this disclosure, all other assumptions should be held constant. For plans operating in a high inflation environment, the disclosure should be the effect of a percentage increase or decrease in the assumed medical cost trend rate of a significance similar to one percentage point in a low inflation environment.

- (n) the amounts for the current annual period and previous four annual periods of:

- (i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and
- (ii) the experience adjustments arising on:
 - (A) the plan liabilities expressed either as (1) an amount or (2) a percentage of the plan liabilities at the balance sheet date, and
 - (B) the plan assets expressed either as (1) an amount or (2) a percentage of the plan assets at the balance sheet date.

- (o) the employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date.

The relevant extract of the ASB Guidance on Implementing AS 15, Employee Benefits (revised 2005) given in Annexure D in support of this allegation is given below:

18. Where an enterprise does an early application of the revised Accounting Standard 15, can it comply with the measurement principles of the Standard prematurely

without complying with the disclosure requirements of the Standards?

No. The revised Standard has to be implemented in its entirety including disclosure requirements specified in the Standard

Mr. Liyaquat Khan, in his written statement has stated in page 4 point no. 6 as under:

“Contents of an Actuarial Report per se cannot be subject matter of Professional Misconduct at the most and in an extreme case scenario, it can at the best be a case of incompetence, poor knowledge or just a mistake. Such cases do not get dealt with at Actuary and Client Level Interaction including interaction with the Auditors of the client and the AS 15 (rev. 2005) provisions are the subject matter of the jurisdiction of the Auditor of the client. In practice and in most of the cases clients do interact with the Actuary and discuss such matters including the manner in which the Actuarial Practice Standards of the IAI have been complied with.”

Comments:

- The AS - 15 Statement requires an **enterprise** to recognise:
 - (a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
 - (b) an expense when the enterprise consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.
- Scope of the Statement states as under:
 - 1. This Statement should be **applied by an employer** in accounting for all employee benefits, except employee share-based payments
- As per AS-15 (relevant extracts given above), the Standard is required to be followed by the employer (enterprise) and not by an Actuary.
- There is nothing specifically stated by the Complainant, as to how section 119 and 120 is not complied with.
- There is no specific rejoinder to the point mentioned by Mr. Liyaquat Khan in his written statement highlighted in italics (extract given above).

Hence, it is concluded that there is no merit in the Allegation made.

Part 2 of Allegation 2 states that 'under page 10 and 11 of the report, the current service cost, interest cost etc. has not been worked out and the entire liability is shown as current service cost'. Mr. Liyaquat Khan, in his written statement - page 4, point no.6 has stated: “In the case of Capillary Technologies - Data was gathered to carry out beginning of year valuation as this was the first time valuation. However as the first employee joined their organization in December, 2009, the resultant liability as at 31st March, 2010 was calculated to be zero. Since BOY is zero, interest cost is zero as well, and most of the increase in DBO is attributed to service cost.”

Comments:

There is no specific rejoinder by the complainant to this point. Also, the complainant has asked us to delve into further reports wherein he has calculated current service costs and if the same is found incorrect, which is beyond the scope of this complaint.

Hence, it is concluded that there is no merit in this Part of the Allegation

Part 3 of Allegation 2 - company will not have correct ingredient for product costing.

Since the above part 1 and part 2 of the Allegation is not substantiated, there is no merit in this Part of the Allegation

Part 4-8 of Allegation 2 is referring to the earlier case of Mr. K. Subrahmanyam against Mr. N. Srinivasan which is being heard by the Disciplinary Committee. This part of the Allegation has been handed over to the Presiding Officer vide letter dated 15th January, 2014 by the erstwhile Prosecution Director, Mr. Narasimhan . Hence, it is not being dealt with in this opinion.

PRIMA FACIE OPINION:

1. With respect to Allegation 1, we may refer the case to the Council to consider possible violations of Section 39 and Section 41 of the Actuaries Act, 2006 by M/s. Numerica Quantitative Services Pvt. Ltd.
2. There is no merit in the Allegation 2 - Parts 1 to 3 and hence the member, Mr. Liyaquat Khan may be held not guilty to these parts of the Allegation 2.
3. Parts 4-8 of Allegation 2: has been handed over to the Presiding Officer by the erstwhile Prosecution Director and hence it cannot be a subject matter of my opinion. [Earlier PD, Mr. Narasimhan vide his letter dated 15 January 2014 has written to Presiding Officer that "Mr. N Srinivasan in the above complaint, further alleges bias on the part of Mr. Liyaquat Khan under para 4 to para 8 of his allegation 2, in the discharge of his duties as a Member of Disciplinary Committee, in the case of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13). As this allegation refers to the case currently being heard. I am forwarding the complaint with all the annexures to the Disciplinary Committee in terms of Rule 5(4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration if any.

PROCEEDINGS AT THE MEETING OF DISCIPLINARY COMMITTEE HELD ON 20TH JUNE 2014

Allegation 1:

The members deliberated on the prima facie opinion of the Prosecution Director and agreed with the prima facie opinion of the Prosecution Director that this does not come

under the purview of Disciplinary Committee and decided to refer this allegation to the Council to consider possible violations of Section 39 and Section 41 of the Actuaries Act, 2006 by M/s. Numerica Quantitative Services Pvt. Ltd.

Allegation 2:

The members deliberated on the prima facie opinion of the Prosecution Director on Allegation 2

Allegation 2 - Parts 1 to 3

Part 1 of Allegation 2 refers to alleged non compliance with sec 119 and 120 of Accounting Standards 15 (Revised 2005). The Committee deliberated and noted that the report of the Defendant under question has the disclosures in line with requirements of the relevant Actuarial Practice Standards (APS 26) of the IAI. The Committee further noted that sections 119 and 120 of AS15(R) are disclosures that are the responsibility of the enterprise (client of the Defendant).

In relation to **Part 2 of Allegation 2**, it was noted that defendant in his written statement has adequately explained about the working of the current service cost and there is no specific rejoinder by the complainant on this point.

In relation to **Part 3 of Allegation 2**, it was noted that as part 1 and part 2 of the Allegation is not substantiated, there is no merit in this Part of the Allegation

Hence, Disciplinary Committee agreed with the prima facie opinion of the Prosecution Director under Rule 9(6) and referred Part 1 to 3 of Allegation 2 to the Council for its closure.

Allegation 2 - Parts 4 to 8

The erstwhile Prosecution Director, Mr. RL Narasimhan vide his letter dated 15th January 2014 has written to Presiding Officer as under;

"Mr N.Srinivasan in the above Complaint, further alleges bias on the part of Mr Liyaquat Khan under para 4 to para 8 of his Allegation 2, in the discharge of his duties as a Member of the Disciplinary Committee, in the case of K.Subrahmanyam against Mr N.Srinivasan (PD/C/2/2012-13). As this allegation refers to the case currently being heard. I am forwarding the Complaint with all the annexures to the Disciplinary Committee in terms of Rule 5 (4) (b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules 2008 for their consideration if any."

Disciplinary Committee noted the same and decided to club Parts 4 to 8 of Allegation 2 with earlier case of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008

CONCLUSION

In view of the above, the Disciplinary Committee:

- 1) **Allegation 1** - refers this allegation to the Council to consider possible violations of Section 39 and Section 41 of the Actuaries Act, 2006 by M/s. Numerica Quantitative Services Pvt. Ltd.
- 2) **Allegation 2 (Part 1 to 3)** - refers Part 1 to Part 3 of Allegation 2 to the Council for its closure
- 3) **Allegation 2 (Part 4 to 8)** - decided to club Para 4 to Para 8 of Allegation 2 with earlier case of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008

Accordingly, report of Disciplinary Committee dated 8th August 2014 was sent to Council

DECISION AT THE MEETING OF COUNCIL HELD ON 29TH NOVEMBER 2014

Allegation 1:-

The members deliberated on the prima facie opinion of the Prosecution Director and findings of the Disciplinary Committee report. It was also discussed that allegation 1 refers to possible violations of Section 39 and Section 41 of the Actuaries Act, 2006 by M/s. Numerica Quantitative Services Pvt. Ltd and thus does not come under the purview of Disciplinary Committee.

The Council authorized President to take appropriate steps in this case.

Allegation 2 (Part 1 to 3):-

The members deliberated on the prima facie opinion of the Prosecution Director and findings of the Disciplinary Committee report. It unanimously agreed with the findings of the Disciplinary Committee and decided to close the matter with immediate effect.

Allegation 2 - (Part 4 to 8)

Council noted that the Disciplinary Committee has decided to club Para 4 to Para 8 of Allegation 2 with earlier case of Mr. K Subrahmanyam against Mr. N Srinivasan (PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008.

Accordingly, decision was communicated to both the parties along with Order of Council on 27th February 2015

PROCEEDING AT THE MEETING OF DISCIPLINARY COMMITTEE HELD ON 18TH DECEMBER 2015 ON ALLEGATION 2 (PART 4 TO 8)

It was noted that allegation 2 (para 4 to 8) has been clubbed with earlier case of Mr. K Subrahmanyam against Mr. N

Srinivasan (PD/C/2/2012-13) as per Rule 5(4b) of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. Prosecution Director was requested to submit Prima Facie Opinion in the case as per the procedure.

PRIMA FACIE OPINION OF PROSECUTION DIRECTOR DATED 20TH FEBRUARY 2016

There is no merit in the Allegation 2 - Parts 4 to 8 since the member, Mr. Liyaquat Khan is not a member (as on date) of the Disciplinary Committee hearing the case of Mr. K. Subrahmanyam against Mr. N. Srinivasan referred to. Hence, Mr. Khan may be held not guilty to these Part 4 to Part 8 of the Allegation 2.

PROCEEDING AT THE MEETING OF DISCIPLINARY COMMITTEE HELD ON 26TH MARCH 2016

It was noted that there was no evidence provided by the complainant to support the charges as mentioned in allegation 2 (part 4 to 8). The Disciplinary Committee followed its due process as per Actuaries (Procedure for enquiry of professional and other misconduct) Rules, 2008. Disciplinary Committee, therefore, decided to recommend to Council to close the matter under Rule 9(6) of the Actuaries (Procedure for Enquiry of Professional and Other misconduct) Rules, 2008 since it was decision of DC and not Mr. Liyaquat Khan who was the then DC member in his individual capacity.

Conclusion:

Defendant, Mr. Liyaquat Khan is held not guilty of part 4 to 8 of the allegation 2.

Accordingly, report of Disciplinary Committee dated 5th June 2016 was sent to the Council.

DECISION AT THE MEETING OF COUNCIL HELD ON 15TH OCTOBER 2016

The aforesaid report was deliberated by Council as per S. 29 of the Actuaries Act, 2006 in its meeting dated 15th October 2016. The Council agreed with the findings of Disciplinary Committee and held Defendant, Mr. Liyaquat Khan not guilty of Part 4 to Part 8 of the Allegation 2 and decided to close the matter as per the recommendation of Disciplinary Committee under Sub Rule 6 of Rule 9 of the Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008.

Accordingly, Order of the Council dated 28th January 2017 was sent to both the parties accordingly.

BY ORDER
EXECUTIVE DIRECTOR

Disciplinary Proceedings

This matter is being published in accordance with the decision of the Executive Committee (now Council) in its meeting held on 4th March, 2003 applicable to all such cases and keeping in view IAI's membership requirements of the International Actuarial Association.

Reference: Information against Ms. Anuradha Sriram (M. No 004)

Information No: PD/IN/3/2014-15 (Prosecution Letter dated 2nd July 2014)

THE ALLEGATION

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	As Actuary in practice, have signed 8 reports as at 31 st March, 2013 in respect of M/s. Deutsche Bank and their 6 group companies without making a reference to the previous Actuary.	Part I(5) of The Schedule to The Actuaries Act, 2006) read with PCSv3 Para 7.2 : Accepts an assignment as actuary previously held by another actuary without first communicating with him in writing

Defendant's Submission

Ms. Anuradha Sriram, in her written statement dated 21st July, 2014 has stated as under:

"Responsibility for the conduct of the Deutsche Bank Account was assumed by another actuary. Mr. A. V. Ganapathy and me. It was agreed that Mr. Ganapathy would have day to day control of the account and would be responsible for notifying Mrs. Seethakumari that we had been invited by Deutsche Bank to give actuarial advice. When it became apparent that Mr. Ganapathy had not served the appropriate notice upon Ms. Seethakumari, Mr. Ganapathy sought to rectify the position by serving upon her, letters dated 12th September 2013 which apologised for his oversight and asked her to let him know if there are any professional reasons that he should consider in accepting the appointment."

She further states:

'I admit I signed 8 reports for Deutsche Bank. I signed the reports because at the time that they need signing, Mr. Ganapathy was not available and they needed to be signed urgently because of Deutsche's requirement. At the time that I signed the reports I was fully cognisant of all the relevant issues and the relevant circumstances regarding the reports because I was the peer reviewer. Mr. Ganapathy was fully aware of my involvement and I informed him that I would be signing the reports.'

With regard to your enquiry regarding my employment status, I can confirm that I have been an employee of Towers Watson since November 2006."

Prosecution Director in her letter to Ms. Anuradha Sriram dated 4th August, 2014 had asked for clarifications:

In your letter, you have stated as under:

'Responsibility for the conduct of the Deutsche Bank account was assumed by another actuary, Mr. A. V. Ganapathy and me. It was agreed that Mr. Ganapathy would have day to day control of the account and would be responsible for notifying Mrs. Seethakumari that we had been invited by Deutsche Bank to give actuarial advice.'

From the statement above, it appears that there is an agreement between Mr. Ganapathy and yourself relating to control of the assignment as well as the modalities of informing the previous actuary, Mrs. Seethakumari. Please furnish me a copy of the agreement/letter which depicts such an arrangement between you.

You have confirmed that you are an employee of Towers Watson since November 2006. Please let me have a copy of the letter given by Towers Watson to you engaging your services as an employee of the company."

Ms. Anuradha Sriram, in her reply dated 11th August, 2014, stated as under:

'The agreement to which you refer was not made or recorded, in writing.'

PRIMA FACIE OPINION DATED 14TH AUGUST 2014:

It is the responsibility of the Actuary signing the reports to inform the earlier actuary. She has not informed the earlier actuary herself and she has admitted as such in her written statement. Also, she has admitted that there is no agreement in writing between Mr. A. V. Ganapathy regarding information to earlier actuary. It is also confirmed from the contract of employment that she is an employee of Towers Watson.

The member, Ms. Anuradha Sriram may be held guilty in the Allegation under Part I(5) of The Schedule to The Actuaries Act, 2006) read with PCS v3 Para 7.2.

PROCEEDINGS AT THE MEETING OF DISCIPLINARY COMMITTEE

The Disciplinary Committee in its meeting dated 31st August 2014 agreed with the prima facie opinion of Prosecution Director and decided to proceed further under Chapter IV of the Actuaries (Procedure of enquiry of Professional and Other Misconduct) Rules, 2008.

Defendant during the hearing pleaded “Not Guilty”. Further, defendant in her written statement and during the course of hearing made following points;

- 1) Ms. Anuradha Sriram was an employee of Towers Watson India Pvt. Ltd. The assignment in question related to entities of the Deutsche Bank group; One Mr. A V Ganapathy and Ms. Anuradha Sriram was/were involved in the same. However, primary responsibility for the assignment was assumed by Mr. Ganapathy, it being agreed that he would have day-to-day control of the assignment. Mr. Ganapathy was therefore responsible for notifying the actuary preceding him, Ms. N Seethakumari. As already stated by Mr. Ganapathy before the Disciplinary Committee in proceedings related to him, though he has not contact Ms. Seethakumari at the outset, upon becoming aware of this position, he had immediately apologized to Ms. Seethakumari and also sent her the requisite notice on 12th September 2013, requesting her to inform him if there were any professional reasons to be considered in accepting the appointment or any particular considerations which ought to be borne in mind in relation to giving of advice. As per their knowledge, Mr. Ganapathy has not received any response from Ms. Seethakumari, and it is clear that no such reasons or consideration existed.
- 2) It was further informed that Ms. Anuradha Sriram has signed the eight Actuarial reports in question on 6th and 8th May 2013 because Mr. Ganapathy was not available in office on those days. Mr. Ganapathy was aware at that time that Ms. Sriram was signing the reports. Ms. Sriram was fully cognizant of all the necessary information and data required to assume responsibility for signing the report. However, it was reasonable, under these circumstances, for Ms. Sriram to proceed on the bonafide belief that Mr. Ganapathy had contacted the actuary preceding him as contemplated under the Professional Conduct Standards V.3.00
- 3) It was further informed that Mr. Ganapathy had on 2nd May 2013, signed actuarial reports for all of the six entities for whom Ms. Sriram had signed reports on 6th and 8th May 2013. This being so, the actuary preceding Ms. Sriram was Mr. Ganapathy. The contention that Ms. Sriram has not contacted Ms. Seethakumari as the preceding actuary is untenable.

- 4) Further Ms. Anuradha Sriram Counsel submitted various case laws to support their argument. They informed that from the judgement it can be inferred that Misconduct arises from ill-motive and mere acts of negligence, innocent mistake or errors of judgement do not constitute the misconduct. Even if there is any negligence in performance of duties or errors of judgement in discharging of such duties, the same cannot constitute misconduct unless ill-motive in the aforesaid acts are established. They further informed that every lapse even if it may be stipulated, does not necessarily lead to the inference of misconduct.

Prosecution Director during the final submission made following points;

She mentioned that in the arguments given by the defendant in her letter dated 3rd February 2015 Ms. Anuradha Sriram presumed that Mr. A.V. Ganapathy had contacted Mrs. Seethakumari so it was implied from the statement that she felt the previous actuary was Mrs. Seethakumari. The letter further stated that since Mr. A. V. Ganapathy had signed for all 6 entities earlier than Ms. Anuradha Sriram, he was the earlier actuary and therefore no intimation was required. This she thought was a very contradictory stand. Further she mentioned that the point which needed to be addressed was who is the real earlier actuary and for the purposes of any report typically it is the entity plus the scheme that we need to look at because we'll be putting in the previous year's figures in a particular report and the previous year's figures would have been given by a particular actuary and in this case the previous actuary in contention was Mrs. Seethakumari and not Mr. Ganapathy so the person who should have been intimated was Mrs. Seethakumari and not Mr. Ganapathy. In view of this, she mentioned that she will hold to her earlier opinion that Ms. Anuradha Sriram should be held guilty.

The Disciplinary Committee in its meeting held on 24 August 2015 considered the written statement and documents relating thereto, and oral submission made by Defendant and the Prosecution Director. Disciplinary Committee observed that the previous year's figure in reports signed by Ms. Anuradha Sriram is of Ms. Seethakumari and not of Mr. A V Ganapathy. Hence the previous actuary is Ms. Seethakumari who has recently provided advice to the client. The defendant made a plea that this assignment was initially taken by another actuary, Mr A V Ganapathy, but Mr Ganapathy did not do this assignment and later on her employer has given the assignment to her. She has given statement that she was of the impression that Mr Ganapathy would have informed the previous actuary and hence the communication gap of not informing the previous actuary has happened.

Based on the evidences, oral and written submissions by the defendant, it is clear that Ms. Anuradha Sriram was the actuary who has given advice to the client and she has accepted an assignment without making a reference to the previous actuary.

Hence, it was decided that Defendant is guilty of

Misconduct under PCS version 3.00 Para 7.2 read with Part III (4) of the schedule to the Actuaries Act, 2006.

CONCLUSION OF DISCIPLINARY COMMITTEE

Defendant, Ms. Anuradha Sriram is guilty of Misconduct under PCS version 3.00 Para 7.2 read with Part III (4) of the schedule to the Actuaries Act, 2006.

Accordingly, Report of Disciplinary Committee dated 26th November 2015 was sent to Council.

PROCEEDINGS IN THE COUNCIL MEETING HELD ON 15 OCTOBER 2016

The Council after carefully going through the DC Report, decided to refer it back to the Disciplinary Committee for further inquiry as per section 29(2) of Actuaries Act, 2006 in the context of section 4.3.3 of PCS (version 3.00) and examine whether the breach of section 7.2 of PCS (version 3.00) and examine whether the breach of section 7.2 of PCS (version 3.00) is material enough to conclude the same as Professional Misconduct. Accordingly, Order of the Council (under section 29(2) of Actuaries Act 2006) dated 27th December 2016 was sent to Disciplinary Committee

PROCEEDINGS IN THE DISCIPLINARY COMMITTEE MEETING HELD ON 3 FEBRUARY 2017

The Committee discussed the Order of the Council dated 27th December 2016 in detail in the context of section 4.3.3 and section 7.2 of PCS (version 3.00) and decided as under;

- 1) Ms. Anuradha Sriram has written to other clients on similar assignment during that period.
- 2) Ms. Anuradha Sriram was an employee of Towers Watson India Pvt. Ltd. The assignment in question related to entities of the Deutsche Bank group; Mr. A V Ganapathy and Ms. Anuradha Sriram was/were involved in the same. However, it was noted that primary responsibility for the assignment was assumed by Mr. Ganapathy, it being agreed that he would have day-to-day control of the assignment. Mr. Ganapathy has stated before the Disciplinary Committee in proceedings related to him, though he has not contacted Ms. Seethakumari at the outset, upon becoming aware of this position, he had immediately apologized to Ms. Seethakumari and also sent her the requisite notice on 12th September 2013, requesting her to inform him if there were any

professional reasons to be considered in accepting the appointment or any particular considerations which ought to be borne in mind in relation to giving of advice. Mr. Ganapathy has not received any response from Ms. Seethakumari, and it is clear that no such reasons or consideration existed.

- 3) It was noted that Prosecution Director vide her letter dated 25 March 2014 has written to Ms. Seethakumari that "on perusal of the prima facie opinion of the Prosecution Director, the Disciplinary Committee observed that Mr. A V Ganapathy (M. No 56) has signed 20 reports and Ms. Anuradha Sriram (M. No 4) has signed 8 reports as at 31st March 2013 in respect of M/s Deutsche Bank and their 6 group companies" and "...whether you would prefer to file a complaint in form as per the Rules against respective actuaries...." However, Ms. Seethakumari has not reverted on the letter.
- 4) There was no adverse impact in this case.

In view of this it was concluded that breach is not material enough to conclude that the same as Professional Misconduct as per section 4.3.3 of PCS (version 3.00).

CONCLUSION

It was concluded that breach is not material enough to conclude that the same as Professional Misconduct as per section 4.3.3 of PCS (version 3.00). Accordingly, report of Disciplinary Committee dated 18th February 2017 was sent to the Council.

DECISION IN THE COUNCIL MEETING HELD ON 3RD JUNE 2017

The Council accepted the Disciplinary Committee report dated 18th February 2017 and agreed on the conclusion that the breach is not material enough to conclude the same as Professional Misconduct as per section 4.3.3 of PCS version 3.00. However, the Council has observed some procedural lapses by the defendant and expressed that the defendant shall be advised not to repeat the same in future.

Accordingly, as per Council decision, letter was sent to defendant, Ms. Anuradha Sriram on 12th August 2017.

BY ORDER
EXECUTIVE DIRECTOR



Disciplinary Proceedings

This matter is being published in accordance with the decision of the Executive Committee (now Council) in its meeting held on 4th March, 2003 applicable to all such cases and keeping in view IAI's membership requirements of the International Actuarial Association.

Reference: Information against Mr. AD Gupta (M. NO 68)

Information No: PD/IN/1/2014-15 (PROSECUTION DIRECTOR LETTER DATED 4TH AUGUST 2014)

THE CASE

Institute of Actuaries of India had received a letter dated 24th March, 2014 from Ministry of Finance enclosing therewith complaint dated 26th January 2014 from All India Aam Admi Party on massive tax fraud and cheating by false financial consultancy firm as actuarial experts and making crores of rupees without paying tax by creation and fake partners.

This was treated as "information" under rule 7 of The Actuaries (Procedure for Enquiry of Professional and Other Misconduct) Rules, 2008. As there was no evidence in the matter, Prosecution Director had written letters to All India Aam Admi Party and also to Ministry of Finance.

PRIMA FACIE OPINION OF PROSECUTION DIRECTOR DATED 9 SEPTEMBER 2014

In the absence of evidence and response to the letters sent to

All- India Aam Aadmi Party and Ministry of Finance, it was recommended that the case be closed.

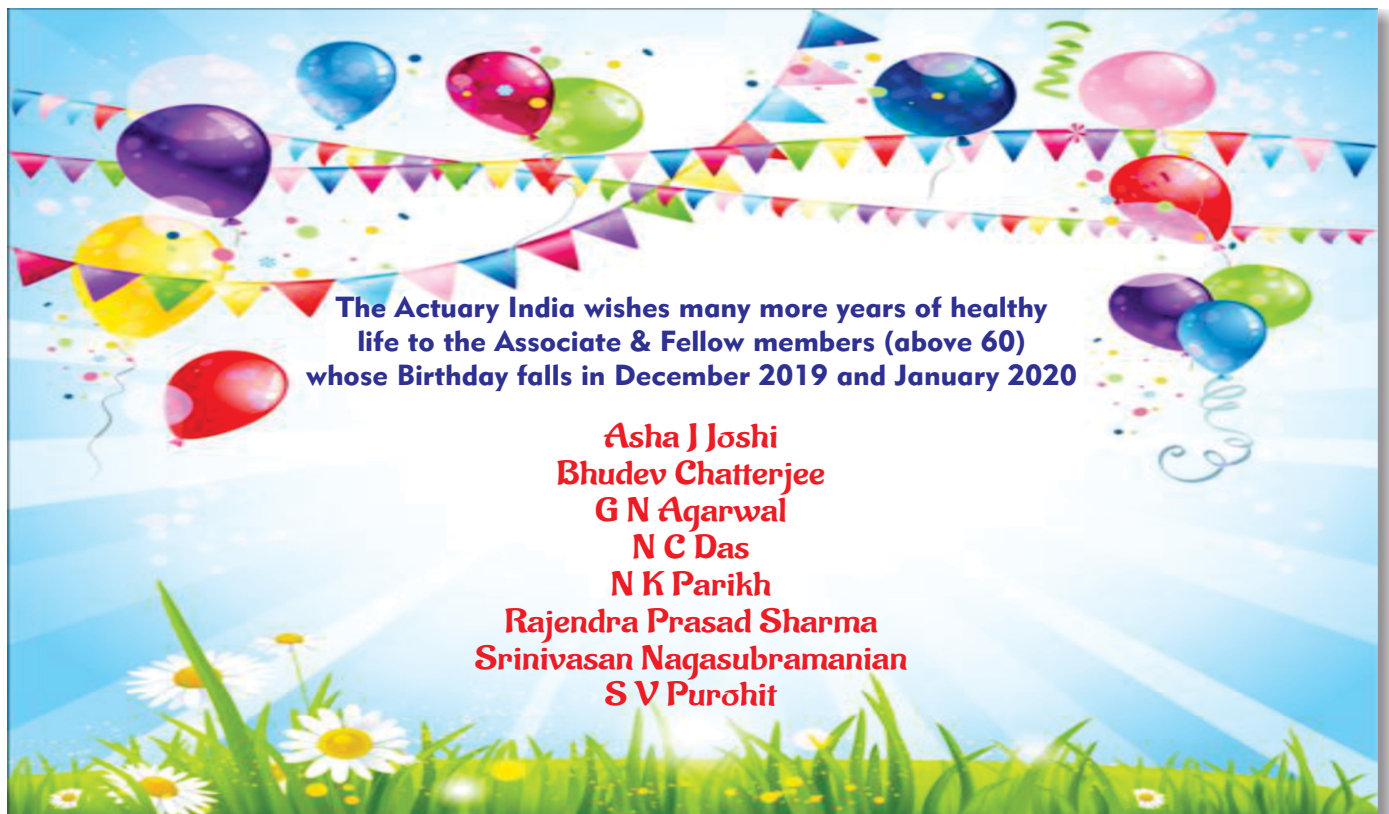
PROCEEDINGS OF THE MEETING OF THE DISCIPLINARY COMMITTEE HELD ON 29TH NOVEMBER 2014.

The Members further deliberated on the Prima facie opinion of the Prosecution Director. As there was no response and evidence in the matter, the Disciplinary Committee decided to refer the case to the Council for its closure (under Rule 9(6) of The Actuaries (Procedure for enquiry of Professional and Other Misconduct) Rules, 2008.

DECISION OF THE MEETING OF THE COUNCIL HELD ON 20TH JUNE 2015

Council deliberated the matter and unanimously agreed on the findings of the Disciplinary Committee that there is no response and evidence in the matter and decided to close the case.

**BY ORDER
EXECUTIVE DIRECTOR**



Disciplinary Proceedings

This matter is being published in accordance with the decision of the Executive Committee (now Council) in its meeting held on 4th March, 2003 applicable to all such cases and keeping in view IAI's membership requirements of the International Actuarial Association.

Reference: Information against Mr. Saket Singhal (M. No 175)

Information No: PD/IN/4/2014-15

THE ALLEGATION (Prosecution Director's (PD) letter dated 4th July 2014)

S. No.	Particulars of Allegation	Corresponding Clause/Part of Relevant Schedules under which the alleged acts of commission or omission or both would fall
1	Have done actuarial work relating to retiral benefits of Credit Suisse & its 6 group Companies in 2012 without making reference to the previous actuary	Part I(5) of The Schedule to The Actuaries Act, 2006 and PCS v3 Para 7.2 read with Part III (4) of The Schedule to the Actuaries Act, 2006

Defendant's Submission:

Mr. Saket Singhal, in his written statement dated 23rd July 2014 has stated as under:

"At the outset, I express my deepest apology for non-receipt of my letter by Ms. N. Seethakumari. In fact I am surprised to know that the letter had not reached Ms. N. Seethakumari despite it was duly written, signed and handed over to my then employer Hewitt Associates India (P) Ltd. In order to courier the same.

I agree with Hewitt Associates India (P) Ltd. submission that I was the concerned actuary and therefore I was responsible for all the actuarial work. I do agree that it was my responsibility not only to write the letter but also to ensure that the letter should have reached Ms. N. Seethakumari. I apologise to Ms. N. Seethakumari for this unintentional error.

I also apologise to the Institute for this unintentional error.

I consider it my misfortune that the courier related operations had been handled by Hewitt Associates India (P) Ltd. and somehow it seems the letter was not couriered. In fact I had the habit of checking and getting confirmation of delivery. In this particular case, now I don't remember, if I had done the same or not during the period April 2010 - May 2013, I must have sent more than 50 letters."

Prima Facie Opinion of Prosecution Director dated 6th August 2014

Mr. Saket Singhal has apologized for non-receipt of the letter by Ms. N. Seethakumari and agreed that it was his responsibility to ensure that the letter reached Ms. N. Seethakumari and that it was an unintentional error.

The member, Mr. Saket Singhal may be held guilty.

PROCEEDINGS IN THE MEETINGS OF DISCIPLINARY COMMITTEE

The Disciplinary Committee in its meeting dated 31st August 2014 agreed with the prima facie opinion of Prosecution Director and

decided to proceed further under Chapter IV of the Actuaries (Procedure of enquiry of Professional and Other Misconduct) Rules, 2008.

Defendant during the hearing pleaded "Not Guilty" of the charges levelled against him. Further, defendant in his written statement and during the course of hearing made following points;

- 1) There is no direct complaint or information against me and also there is no direct 'informant'
- 2) There is no evidence to link him to the said client 'Credit Suisse' particularly in the form of a service contract between him and 'Credit Suisse', invoice from him to the client and collection of service tax by him.
- 3) Para 7.2 of the PCS ver 3.0 prescribes reference to other actuary before accepting the appointment to provide actuarial advice. In this particular case, the appointment of the actuary was to calculate actuarial liabilities and prepare disclosures as per the Accounting Standard. The work involved calculation based on the 'salary escalation rate', 'attrition rate/s', employee and asset data-sets provided by the client, discount rate prescribed by the accounting standard and other decrement rates as per the Institute's guidance. The work involved was not advisory in nature but to run the program to calculate liabilities based on data and assumptions provided by the client or prescribed by the Accounting standard or the Institute and subsequently issue the certificate.
- 4) PD has not looked into the system of Certificate of Practice in the Institute and overlooked the fact that the employee benefits practice doesn't require CoP and hence Part 1 of the Schedule under which I am charged is not applicable to all to him. Part 1 of the Schedule is only applicable to the Actuaries in Practice.
- 5) PD has charged him under para 7.3 of PCS Ver 3.00 without looking into the fact that the said paragraph mentions the need to contact the 'other actuary' in case the 'other

actuary' is acting or has recently provided advice on the same or a related matter. Did the PD has any documentary evidence to suggest that Ms. Seethakumari had provided advice to 'Credit Suisse' actuary in March 2012?

- 6) Even the advisory group, which is an expert on the subject matter is not clear on the definition of assignment and had asked the Institute for clarification.
- 7) Since Hewitt Associate India (P) Ltd had taken the assignment and could be considered as "actuary in practice", primarily it was Hewitt Associate India (P) Ltd's responsibility to make reference to the previous actuary.

Prosecution Director during the final submission made following points;

- 1) As per his written statement dated 23rd July 2014, defendant has apologized that the letter has inadvertently not reached Mrs. Seethakumari which meant that he was accepting that he had accepted this assignment.
- 2) As per defendant's written statement dated 19th November 2014, in point 5A, defendant had mentioned that he was in employment with Hewitt Associates India Pvt. Ltd, in good faith and also because he always believed in the healthy professional relationships, he prepared a letter addressed to Mrs. Seethakumari, intimating her regarding Credit Suisse and also asking her if there was any professional reason for him not to accept the assignment.
- 3) the only question which needed to be asked was whether "Mr. Saket Singhal is actuary in practice." Prosecution Director mentioned that Mr. Saket Singhal had himself admitted that he was actuary in practice in the statement given on 23rd July 2014 and therefore it was his sole responsibility to ensure that the earlier actuary should be intimidated. In view of this, she stood by her earlier opinion that "Mr. Saket Singhal should be held guilty"

Disciplinary Committee during the course of hearing decided to write to Ms. Seethakumari to provide evidence to suggest that she was the actuary who has done the actuarial work relating to retiral work with respect to Credit Suisse and its 6 group companies in the year 2012. Further, it was decided to write to M/s Aon Hewitt to submit documentary proof to suggest that Mr. Saket Singhal was the Actuary who has signed the actuarial work relating to retiral work with respect to Credit Suisse and its 6 group companies in the year 2012.

Ms. N Seethakumari in her letter dated 22nd June 2015 has sent copies of the relevant signature pages specifying the report date of her valuation reports of Credit Suisse and its group companies for the year 2010-11 thereby confirming that she was previous actuary who has recently provided advice to the client.

M/s Aon Hewitt in its letter dated 26th June 2015 has enclosed copy of signed valuation report showcasing the same being signed by Mr. Saket Singhal with respect to benefits of M/s Credit Suisse and group companies for the year 2011-12 thereby confirming that he was actuary invited to give advice to the client.

In view of above, it is clear that Mr. Saket Singhal was actuary invited to give advice to the client and he has accepted an assignment without making a reference to the previous actuary. Hence, Disciplinary Committee in its meeting held on 24 August 2015 decided that Defendant is guilty of Misconduct under PCS

version 3.00 Para 7.2 read with Part III (4) of the schedule to the Actuaries Act, 2006.

Accordingly, Report of Disciplinary Committee dated 26th November 2015 was sent to Council.

PROCEEDINGS IN THE COUNCIL MEETING HELD ON 15TH OCTOBER 2016

The Council after carefully going through the DC Report, decided to refer it back to the Disciplinary Committee for further inquiry as per section 29(2) of Actuaries Act, 2006 in the context of section 4.3.3 of PCS (version 3.00) and examine whether the breach of section 7.2 of PCS (version 3.00) and examine whether the breach of section 7.2 of PCS (version 3.00) is material enough to conclude the same as Professional Misconduct. Accordingly, Order of the Council (under section 29(2) of Actuaries Act 2006) dated 27th December 2016 was sent to Disciplinary Committee

PROCEEDINGS IN THE DISCIPLINARY COMMITTEE MEETING HELD ON 3RD FEBRUARY 2017

The Committee discussed the Order of the Council dated 27th December 2016 in detail in the context of section 4.3.3 and section 7.2 of PCS (version 3.00) and decided as under;

- 1) Mr. Saket Singhal had written to other clients on similar assignment during that period.
- 2) He has expressed his deepest apology for non-receipt of his letter to Ms. N Seethakumari which he has claimed that he has duly written, signed and handed over to his then employer, Hewitt Associates (P) Ltd in order to courier the same. However, this has not reached Ms. Seethakumari.
- 3) It was noted that Prosecution Director vide her letter dated 13 May 2014 has written to Ms. Seethakumari that "it is observed that Mr. Saket Singhal has signed the reports in the year 2012 in respect of M/s Credit Suisse and their 6 group companies" and "...whether you would prefer to file a complaint in form as per the Rules against Mr. Saket Singhal...." However, Ms. Seethakumari has not reverted on the letter.
- 4) There was no adverse impact in this case.

In view of this it was concluded that breach is not material enough to conclude that the same as Professional Misconduct as per section 4.3.3 of PCS (version 3.00). Accordingly, report of Disciplinary Committee 18th February 2017 was sent to the Council.

DECISION IN THE COUNCIL MEETING HELD ON 3RD JUNE 2017

The Council accepted the Disciplinary Committee report dated 18th February 2017 and agreed on the conclusion that the breach is not material enough to conclude the same as Professional Misconduct as per section 4.3.3 of PCS version 3.00. However, the Council has observed some procedural lapses by the defendant and expressed that the defendant shall be advised not to repeat the same in future.

Accordingly, as per Council decision, letter was sent to defendant, Mr. Saket Singhal on 12th August 2017.

**BY ORDER
EXECUTIVE DIRECTOR**

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