

Actuaries Act, 2006

Chapter I - Preliminary

(1) This Act may be called the Actuaries Act, 2006.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the commencement of that provision.¹

1. Enforcement date for the Actuaries Act, 2006 as per notification no: SO1912(E) dated 08.11.2006, is 10.11.2006.

Section 2 - Definitions

(1) In this Act, unless the context otherwise requires,--

(a) "Actuary" means a person skilled in determining the present effects of future contingent events or in finance modelling and risk analysis in different areas of insurance, or calculating the value of life interests and insurance risks, or designing and pricing of policies, working out the benefits, recommending rates relating to insurance business, annuities, insurance and pension rates on the basis of empirically based tables and includes a statistician engaged in such technology, taxation, employees' benefits and such other risk management and investments and who is a fellow member of the Institute; and the expression "actuarial science" shall be construed accordingly;

(b) "Actuarial Society" means the Actuarial Society of India registered under the Societies Registration Act, 1860(21 of 1860. Bombay Act No. XXXIX of 1950) and the Bombay Public Trusts Act, 1950;

(c) "appointed day" means the date on which the Institute is constituted under sub-section (1) of section 3;

(d) "Authority" means the Appellate Authority referred to in section 32;

(e) "Board" means the Quality Review Board constituted under sub-section (1) of section 43;

(f) "Council" means the Council of the Institute as referred to in section 12;

(g) "fellow" means a fellow member of the Institute;

(h) "Institute" means the Institute of Actuaries of India constituted under section 3;

(i) "member" means an individual whose name appears in the register of members maintained by the Institute;

(j) "prescribed" means prescribed by rules made under this Act;

(k) "President" means the President of the Council;

(l) "register" means the register of members maintained by the Institute under this Act;

(m) "specified" means specified by regulations made under this Act;

(n) "Tribunal" means a Tribunal established under sub-section (1) of section 16;

(o) "Vice-President" means the Vice-President of the Council;

(p) "year" means the period commencing on the 1st day of April of any year and ending on the 31st day of March of the succeeding year.

(2) Save as otherwise provided in this Act, a member of the Institute shall be deemed "to be in practice" when individually or in partnership with Actuaries in practice as a member or an employee of a company, he, whether or not in consideration of remuneration received or to be received,--

- (i) engages himself in actuarial profession; or
 - (ii) offers to perform or performs services involving the application of actuarial techniques in the fields of insurance, pension, investment, finance and management; or
 - (iii) renders such other services as, in the opinion of the Council, are or may be rendered by an actuary in practice; or
 - (iv) is in employment of a person engaged in one or more of the activities mentioned in clauses (i), (ii) and (iii) above,
- and the words "to be in practice" with their grammatical variations and cognate expressions shall be construed accordingly.

Explanation.--For the purposes of this sub-section, the expression "company" includes a public financial institution as defined in section 4A of the Companies Act, 1956(1 of 1956).

Charter II - INSTITUTE OF ACTUARIES OF INDIA

Section 3 - Incorporation of Institute

- (1) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint, all persons whose names are entered in the register of the Actuarial Society at the commencement of this Act and all persons who may thereafter have their names entered in the register to be maintained under this Act, so long as they continue to have their names borne on the register, are hereby constituted a body corporate by the name of the Institute of Actuaries of India and all such persons shall be known as members of the Institute.
- (2) The Institute shall have perpetual succession and a common seal and shall have power to acquire, hold and dispose of property, both movable and immovable, and shall by its name sue or be sued.
- (3) The head office of the Institute shall be situated at such place as may be decided by the Central Government.

Section 4 - Transfer of assets, liabilities, etc., of Actuarial Society

On the appointed day,--

- (a) all the assets and liabilities of the Actuarial Society shall stand transferred to, and vested in, the Institute.

Explanation.--The assets of the Actuarial Society shall be deemed to include all rights and powers and all properties, whether movable or immovable, including, in particular, cash balances, deposits and all other interests and rights in, or arising out of, such properties as may be in the possession of the said Society and all books of account and other documents relating to the same; and liabilities shall be deemed to include all debts, liabilities and obligations of whatever kind;

- (b) without prejudice to the provisions of clause (a), all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the Actuarial Society immediately before that day, for or in connection with the purpose of the said Society, shall be deemed to have been incurred, entered into or engaged to be done by, with or for, the Institute;
- (c) all sums of money due to the Actuarial Society immediately before that day shall be deemed to be due to the Institute; and
- (d) all suits and other legal proceedings instituted or which could have been instituted by or against the Actuarial Society immediately before that day may be continued or may be instituted by or against the Institute.

Section 5 - Objects of Institute

The objects of the Institute shall be--

- (a) to promote, uphold and develop the standards of professional education, training, knowledge, practice and conduct amongst Actuaries;
- (b) to promote the status of the Actuarial profession;
- (c) to regulate the practice by the members of the profession of Actuary;
- (d) to promote, in the public interest, knowledge and research in all matters relevant to Actuarial science and its

application; and

(e) to do all such other things as may be incidental or conducive to the above objects or any of them.

Section 6 - Entry of names in register

6. --

(1) Any of the following persons shall be entitled to have his name entered in the register, namely:--

(a) any person who immediately before the appointed day was an associate or a fellow (including an honorary fellow) of the Actuarial Society;

(b) any person who has passed the examination conducted by the Actuarial Society and has completed training either as specified by the said Society or as specified by the Council, except any such person who is not a permanent resident of India;

(c) any person who has passed such examination and completed such training, as may be specified for membership of the Institute;

(d) any person who has passed such other examination and completed such other training outside India as is specified as being equivalent to the examination and training specified under this Act for membership of the Institute:

Provided that in the case of any person belonging to any of the classes mentioned in this sub-section who is not permanently residing in India, the Central Government or the Council may impose such further conditions as it may deem necessary or expedient in the public interest.

(2) Every person mentioned in clause (a) of sub-section (1) may have his name entered in the register without the payment of any entrance fee.

(3) Every person belonging to any of the classes mentioned in clauses (b), (c) and (d) of sub-section (1) shall have his name entered in the register on an application being made and granted in the specified manner and on payment of such fees, as may be specified.

(4) The Council shall take such steps as may be necessary for the purpose of having the names of all persons belonging to the class mentioned in clause (a) of sub-section (1) entered in the register before the appointed day.

(5) Notwithstanding anything contained in this section, the Council may confer on any person honorary fellow membership, if the Council is of the opinion that such person has made a significant contribution to the profession of Actuary and thereupon the Council shall enter the name of such person in the register but such person shall not have any voting rights in any election or meetings of the Institute and shall not also be required to pay any fee to the Institute.

Section 7 - Associates and fellows

(1) The members of the Institute shall be divided into two classes designated respectively as associates and fellows.

(2) Any person other than a person to whom the provisions of sub-section (3) apply, shall, on his name being entered in the register, be deemed to have become an associate and as long as his name remains so entered, shall be entitled to use the letters "AIAI" after his name to indicate that he is an associate.

(3) Any person who was a fellow of the Actuarial Society and who is entitled to have his name entered in the register under clause (a) of sub-section (1) of section 6 shall be entered in the register as a fellow.

(4) Any person whose name is entered in the register as fellow shall, so long as his name remains so entered, be entitled to use the letters "FIAI" after his name to indicate that he is a fellow.

Section 8 - Honorary, affiliate and student members

(1) The Council may choose, in such manner as may be specified, any person of eminence in matters relating to and of interest to the profession of Actuary as an honorary member of the Institute provided that he is not practicing as an Actuary.

(2) Any person, who is a fellow member, or is a holder of membership considered equivalent to the fellow membership of the Institute, of any other institution similar to the Institute, whether within or outside India, may be admitted as an affiliate member for such period, and on such terms and conditions as may be specified.

(3) Any person who enrolls himself for examination of the Institute, and possesses such academic qualifications as may be specified, may be admitted as a student member of the Institute on such terms and conditions as may be specified.

(4) An honorary member or an affiliate member or a student member shall have no right to vote on any matter or resolution in any meeting of the Institute.

Section 9 - Certificate of practice

(1) No member of the Institute shall be entitled to practice unless he fulfils the qualifications as may be specified and obtains from the Council a certificate of practice.

(2) A member who desires to be entitled to practice shall make an application in such form and pay such annual fee for certificate of practice as may be specified and such fee shall be payable on or before the first day of April in each year.

(3) The certificate of practice obtained under sub-section (1) may be cancelled by the Council under such circumstances as may be specified.

Section 10 - Members to be known as Actuaries

Every member of the Institute in practice shall, and any other member may, use the designation of an Actuary and no member using such designation shall use any other description whether in addition thereto or in substitution therefor:

Provided that nothing contained in this section shall be deemed to prohibit any such member from adding any other description or letters to his name, if entitled thereto, to indicate membership of such other Institute, whether in India or elsewhere, as may be recognised in this behalf by the Council, or any other qualification that he may possess, or to prohibit a firm, all the partners of which are members of the Institute and in practice, from being known by its firm name as Actuaries.

Section 11 - Disqualifications

Notwithstanding anything contained in section 6, a person shall not be entitled to have his name entered in, or borne on, the register if he--

(a) has not attained the age of twenty-one years at the time of his application for the entry of his name in the register; or

(b) is of unsound mind and stands so adjudged by a competent court; or

(c) is an undischarged insolvent; or

(d) being a discharged insolvent, has not obtained from the court a certificate stating that his insolvency was caused by misfortune and without any misconduct on his part; or

(e) has been convicted by a competent court whether within or outside India, of an offence involving moral turpitude and punishable with imprisonment or of an offence, not of a technical nature, committed by him in his professional capacity unless in respect of the offence committed he has either been granted a pardon or, on an application made by him in this behalf, the Central Government has, by an order in writing, removed the disqualification; or

(f) has been removed from the membership of the Institute on being found on inquiry to have been guilty of a professional or other misconduct:

Provided that a person who has been removed from the membership for a specified period shall not be entitled to have his name entered in the Register until the expiry of such period.

Section 12 - Composition of Council of Institute

(1) There shall be a Council of the Institute for the management of the affairs of the Institute and for discharging the functions assigned to it by or under this Act.

(2) The Council shall be composed of the following persons, namely:--

(a) a minimum of nine and not more than twelve persons from amongst fellow members to be elected by the fellow and the associate members of the Institute in such manner as may be prescribed:

Provided that a fellow of the Institute, who has been found guilty of any professional or other misconduct and

whose name is removed from the Register or has been awarded penalty of fine, shall not be eligible to contest election,--

(i) in case of misconduct falling under the Schedule of this Act [except Part IV(B)], for a period of three years; or

(ii) in case of misconduct falling under Part IV(B) of the Schedule of this Act, for a period of six years,

after the completion of the period of removal of name of the fellow from the Register or the payment of fine is made, as the case may be; and

(b) (i) an officer not below the rank of Joint Secretary to the Government of India, to be nominated by the Central Government to represent the Ministry of Finance;

(ii) one person from the Insurance Regulatory and Development Authority constituted under the Insurance Regulatory and Development Authority Act, 1999(41 of 1999) nominated by the Central Government; and

(iii) not more than two persons having knowledge in the field of life insurance, general insurance, finance, economics, law, accountancy or any other discipline which in the opinion of the Central Government, would be useful to the Council, to be nominated in such manner as may be prescribed:

Provided that till such time as the Council is constituted under this Act, the Executive Committee of the Actuarial Society shall discharge all the functions and shall have all the powers of the Council.

(3) No person holding a post under the Central Government or a State Government, as the case may be, shall be eligible for election to the Council under clause (a) of sub-section (2).

(4) One-third of the members of the Council referred to in clause (a) of sub-section (2) shall retire as soon as may be on the expiration of every second year by rotation but shall be eligible for re-election.

(5) Any person nominated under clause (b) of sub-section (2) shall hold office for a period of six years from the date of his nomination unless he is removed earlier by the Central Government and shall be eligible for re-nomination:

Provided that he shall be given an opportunity of being heard before such removal.

Section 13 - Annual general meetings

The Council shall every year hold an annual general meeting of the Institute to elect its members under clause (a) of sub-section (2) of section 12, or to discuss any matter which it deems fit, and not more than fifteen months shall elapse between the date of one annual general meeting of the Institute and that of the next :

Provided that from the appointed day the Institute may hold its first annual general meeting within a period of not more than eighteen months and if such general meeting is held within that period, it shall not be necessary for the Institute to hold any general meeting in that year :

Provided further that the Central Government may, for sufficient reasons, extend the time within which any general meeting shall be held.

Section 14 - Re-election to Council

(1) Subject to the provisions of sub-section (2), a member of the Council elected under clause (a) of sub-section (2) of section 12 shall be eligible for re-election but not for more than two consecutive terms.

(2) A member of the Council, who is or has been elected, as the President under subsection (1) of section 17, shall not be eligible for election or nomination as a member of the Council.

Section 15 - Settlement of disputes regarding election

In case of any dispute regarding any election under clause (a) of sub-section (2) of section 12, the aggrieved person may make an application within thirty days from the date of the declaration of the result of the election to the Council which shall forward the same forthwith to the Central Government.

Section 16 - Establishment of Tribunal

(1) On receipt of any application under section 15, the Central Government shall, by notification, establish a Tribunal consisting of a Presiding Officer and two other Members to decide such dispute and the decision of such Tribunal shall be

final.

(2) A person shall not be qualified for appointment,--

(a) as a Presiding Officer of the Tribunal unless he has been a member of the Indian Legal Service and has held a post in Grade I of the service for at least three years;

(b) as a Member unless he has been a member of the Council for at least one full term and who is not a sitting Member of the Council or who has not been a candidate in the election under dispute; and

(c) as a Member unless he holds the post of a Joint Secretary to the Government of India or any other post under the Central Government carrying a scale of pay which is not less than that of a Joint Secretary to the Government of India.

(3) The terms and conditions of service of the Presiding Officer and Members of the Tribunal, their place of meetings, remuneration and allowances shall be such as may be prescribed.

(4) The expenses of the Tribunal shall be borne by the Council.

Section 17 - President Vice-President and Honorary Secretary

(1) The Council shall, at its first meeting, elect three of its members from amongst persons referred to in clause (a) of subsection (2) of section 12, to be respectively the President, Vice-President and Honorary Secretary thereof, and as often as the office of the President, Vice-President and Honorary Secretary falls vacant, the Council shall choose one of the member in the same manner:

Provided that the Chairperson of the Council of the Actuarial Society shall continue to hold such office as President after the commencement of this Act, until such time as a President is elected under the provisions of this sub-section.

(2) The President shall be the Chief Executive Officer of the Council.

(3) The President, the Vice-President or the Honorary Secretary shall hold office for a period of two years from the date on which he is chosen provided that he continues to be a member of the Council.

(4) The President and the Vice-President shall, notwithstanding the expiration of his term, continue to hold office until his successor enters upon his office.

(5) In the event of occurrence of any vacancy in the office of the President, the Vice-President shall act as the President until a new President is elected in accordance with the provisions of this section to fill such vacancy and enters upon his office.

(6) When the President is unable to discharge his functions owing to absence, illness or any other cause, the Vice-President shall discharge his functions until the President resumes his duties.

Section 18 - Resignation from membership and filling up of casual vacancies

(1) Any member of the Council may at any time resign his membership by writing under his hand addressed to the President, and the seat of such member shall become vacant when such resignation is accepted and notified by the Council.

(2) A member of the Council, other than a member nominated under clause (b) of subsection (2) of section 12 shall be deemed to have vacated his seat if he is declared by the Council to have been absent without sufficient reason from three consecutive meetings of the Council, or of any of the Committees constituted by the Council, and of which he is a member or he has been found guilty of any professional or other misconduct and awarded penalty of fine or if his name is, for any cause, removed from the register under the provisions of sections 24 and 30.

(3) A casual vacancy in the office of a member of the Council shall be filled by fresh election or by nomination by the Central Government, as the case may be, and the person elected or nominated to fill the vacancy shall hold office only for the remainder of the term for which the member in whose place he was elected or nominated would have held that office:

Provided that no election shall be held to fill a casual vacancy occurring within one year prior to the date of the expiration of the term of such member.

(4) No act done by the Council shall be called in question on the ground merely of the existence of any vacancy in, or defect in the constitution of the Council.

Section 19 - Functions of Council

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- (1) The duty of carrying out the functions under the provisions of this Act shall be vested in the Council.
- (2) In particular and without prejudice to the generality of the foregoing power, the functions of the Council shall include--
- (a) the holding of examination of the candidates for enrolment and specifying fees therefor;
 - (b) the specifying of qualifications for entry in the register;
 - (c) the recognition of foreign qualifications and training for the purposes of enrolment;
 - (d) the granting of or refusal to grant the certificate of practice under this Act;
 - (e) the maintenance and publication of a register of persons qualified to practice as Actuaries;
 - (f) the levy and collection of fees from members, students, examinees and other persons;
 - (g) the removal of names from the register and the restoration to the register of names which have been removed;
 - (h) the regulation and maintenance of the status and standard of professional qualifications of members of the Institute;
 - (i) to issue guidelines for the observance of the members, including the student members;
 - (j) to receive gifts, grants, donations or benefactions from the Central or State Governments and to receive bequests, donations and transfer of movable or immovable properties from testators, donors or transferors, as the case may be;
 - (k) co-operating with educational or other institutions in any part of the world having objects wholly or partly similar to those of the Institute by exchange of members and generally in such manner as may be conducive to achievement of their common objects;
 - (l) instituting and awarding fellowships, scholarships, prizes and medals;
 - (m) giving gifts, grants, donations or benefactions to other institutions or bodies having objects similar to those of the Institute;
 - (n) the carrying out, by granting financial assistance to persons other than members of the Council, or in any other manner, of research in the actuarial science;
 - (o) the maintenance of a library and publication of books, journals and periodicals relating to actuarial science;
 - (p) the exercise of disciplinary powers conferred by this Act;
 - (q) establishing such regional council or councils as may be decided from time to time and fixing their headquarters; and
 - (r) doing all such things as may be necessary, incidental or conducive to the attainment of all or any of the objects of the Institute.
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Section 20 - Staff, remuneration and allowances

- (1) For the efficient performance of its functions, the Council may--
- (a) appoint an Executive Director, a Treasurer and such other officers and employees as it deems necessary and fix their salaries, fees, allowances and other conditions of service; and
 - (b) fix the allowances of the President, the Vice-President, the Honorary Secretary and other members of the Council and its Committees, in such manner as may be specified.
- (2) The Executive Director of the Council shall be entitled to participate in the meetings of the Council but shall not be entitled to vote thereat.
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Section 21 - Committees of Council

- (1) The Council may constitute such committees from amongst its members, and co-opt therein persons who are not members of the Institute, as it deems necessary for the purpose of carrying out the provisions of this Act:

Provided that the number of co-opted members shall not exceed one-third of the total membership of the committee.

(2) Every committee constituted under this section shall elect its own Chairman:

Provided that--

(i) where the President is a member of such committee, he shall be the Chairman of such committee, and in his absence, the Vice-President, if he is a member of such committee, shall be its Chairman; and

(ii) where the President is not a member of such committee but the Vice-President is a member, he shall be its Chairman.

(3) The committees shall exercise such functions and be subject to such conditions as may be specified.

Section 22 - Finances of Council

(1) There shall be established a fund under the management and control of the Council into which shall be paid all moneys (including donations and grants) received by the Council and out of which shall be met all expenses and liabilities incurred by the Council.

(2) The Council may invest any money for the time being standing to the credit of the fund in any security as it may deem prudent consistent with the considerations of security of such investments and maximum returns thereon.

Explanation.-- For the purposes of this sub-section, the expression "securities" shall have the meaning assigned to it in section 2 of the Securities Contracts (Regulation) Act, 1956(42 of 1956), as amended from time to time.

(3) The Council shall keep proper accounts of the fund distinguishing capital account from revenue account.

(4) The annual accounts of the Institute shall be subject to audit by a Chartered Accountant in practice within the meaning of the Chartered Accountants Act, 1949(38 of 1949) to be appointed annually by the Council:

Provided that no member of the Council who is a Chartered Accountant or a person who is in partnership with such member shall be eligible for appointment as an auditor under this sub-section.

(5) As soon as may be practicable at the end of each year, but not later than the 30th day of September of the year next following, the Council shall cause to be published in the Gazette of India, a copy of the audited accounts and the report of the Council for that year and copies of the said accounts and report shall be forwarded to the Central Government and to all the members of the Institute.

(6) The Council may borrow from a scheduled bank, as defined in the Reserve Bank of India Act, 1934(2 of 1934), or from any public financial institution--

(a) any money required for meeting its liabilities on capital account on the security of the fund or on the security of any other asset, for the time being belonging to it; or

(b) for the purpose of meeting current liabilities, pending the receipt of income, by way of temporary loan or overdraft.

Explanation.--The expression "public financial institution" means a financial institution specified in section 4A of the Companies Act, 1956(1 of 1956).
