



Institute  
and Faculty  
of Actuaries

# Fellowship Qualification

Health and Care (SA1)

Specialist Advanced

Syllabus for the 2024 Examinations

April 2023

# Health and Care (SA1)

## Syllabus for the 2024 Examinations

This syllabus includes information to support the study of this subject. It will guide you through what you need to learn, application of learning as well as the skills that you need to develop. Information regarding the assessment of this subject is also included.

This syllabus includes:

- Aim of the subject
- How this subject links across the Qualifications
- Subject topics and topic weightings
- Subject objectives
- Assessment information

### Aim

Apply the main principles that are relevant to the provision of health and care benefits to complex scenarios concerning the management of health and care insurance companies, taking into account relevant regulatory, legislative and professional requirements, and the business environment in which the health and care business is sold.

### Links across the Qualifications

#### Fellowship Qualification

There are two subjects covering health and care, Health and Care Specialist Principles (SP1) and Health and Care Specialist Advanced (SA1). Each subject develops a specific set of skills and knowledge needed by actuaries working in, or who wish to work in health and care.

Health and Care Specialist Principles (SP1) provides an introduction to the main principles and knowledge required in health and care insurance, and how these principles can be applied in simple scenarios.

Health and Care Specialist Advanced (SA1) builds upon the skills and knowledge covered in SP1, applied to more complex scenarios. In particular, it considers in much more detail the environment in which a health and care insurance company operates which will include health and care markets, regulation, legislation, taxation, financial management, monitoring and strategies, and state health and care benefit provision.

### Topics and topic weightings

1. Health insurance products and general business environment [30%]
2. Regulatory, legislative and taxation environment [10%]
3. Rating, pricing and underwriting [20%]
4. Valuation, Asset-Liability Management (ALM) and reinsurance [20%]
5. Monitoring and strategy [20%]

## Objectives

### 1 Health insurance products and general business environment [30%]

Understand the main features of health and care insurance business. Considers the impact of the general business environment on the business sold by a health and care insurance company.

#### 1.1 Understand, in detail and analyse the major health and care insurance products offered

##### 1.1.1 The benefits and other main features of the following products:

- Critical illness insurance
- Income protection insurance
- Long-term care insurance
- Health cash plans
- Major medical expenses
- Private medical insurance
- Group and individual covers

##### 1.1.2 Key features of the health and care insurance products outlined in 1.1.1:

- Customer needs
- Interaction with State provision
- Bundling and unbundling
- Impact of unit-linked wrappers

#### 1.2 Assess the effect of the general business environment on the management of health and care insurers:

- Products and distribution, including the roles of the State and employers
- Underwriting approaches, including genetic testing
- Use of counterparties
- External influences – demographic, medical, economic, political and social, pandemics, climate change
- Key medical conditions, treatments and other current health issues
- How a health and care insurance company can ensure that it treats its customers fairly
- Areas of best practice in international health and care provision
- Considerations underlying the provision of national healthcare systems:
  - The importance of healthcare provision
  - Different healthcare systems worldwide
  - Different approaches to financing healthcare
  - Quality adjusted life years (QALYs)

### 2 Regulatory, legislative and taxation environment [10%]

Understand the key aspects of regulation, legislation and taxation as applicable to health and care insurance companies.

#### 2.1 Explain the relevance of legislation to health and care insurance business, in relation to:

- Consumer protection
- Equality legislation

- 2.2 Understand the implications of the taxation of health and care insurance business for policyholders and health and care insurance companies
- 2.3 Describe regulatory frameworks for health and care insurance companies
- Objectives of regulators
  - Financial reporting requirements
  - Conduct of business rules
  - Supervisory tools, including rulebooks and reporting requirements
  - Statutory actuarial roles
- 2.4 Demonstrate understanding of the over-arching regulatory framework, such as Solvency II and its impact on business culture and strategy
- Background and scope
  - Structure
  - Pillar 2 governance requirements
  - Pillar 3 disclosure and reporting requirements
  - Group reporting requirements
- 2.5 Compare regulatory, legislative and taxation environments between different jurisdictions
- 2.6 Demonstrate how the regulatory, legislative and taxation environments affect the way in which health and care insurance companies carry out their business in practice
- 2.7 Outline the requirements of actuarial standards in relation to actuaries practicing in or advising health and care operations

### **3 Rating, pricing and underwriting [20%]**

Understand product design and pricing techniques and methods.

#### **3.1 Demonstrate product design and pricing techniques**

3.1.1 Describe the requirements for the design of health and care insurance products to be marketed in a particular jurisdiction, including:

- Policy conditions
- Capital requirements and return on capital
- Marketability, competition and distribution
- Management of the risks
- Underwriting
- Reinsurance
- Investment policy
- The renewal process and options
- Regulatory requirements
- Environmental, social and governance (ESG) considerations

3.1.2 Determine appropriate methods for pricing such products

### **4 Valuation, Asset-Liability Management (ALM) and reinsurance [20%]**

Reserving for health and care claims, capital management techniques and the principles of asset liability management for health and care insurance companies.

#### 4.1 Demonstrate solvency assessment techniques

4.1.1 Outline the valuation of assets, liabilities and solvency capital requirements under Solvency II

4.1.2 Compare solvency assessment approaches between different jurisdictions

#### 4.2 Demonstrate capital management techniques

4.2.1 Explain the different types of capital assessment

4.2.2 Describe the different sources of capital

4.2.3 Discuss the assessment of ongoing solvency, including practical modelling considerations

4.2.4 Explain the relationship between capital, risk and economic value

4.2.5 Propose methods of improving available capital

4.2.6 Describe the principles of asset-liability management and the use of derivatives

#### 4.3 Evaluate the uses and benefits of reinsurance support in health and care insurance:

- Control of risks
- Financing
- Technical assistance
- Reinsurance impact
- Badging

#### 4.4 Analyse the asset-liability matching requirements of a health and care insurer and develop appropriate strategies

### 5 Monitoring and strategy [20%]

How to monitor a health and care insurance business and develop coherent solutions and courses of action for health and care insurance companies.

#### 5.1 Analyse the experience and surplus/profit of a health and care insurer arising over a period

#### 5.2 Propose possible actions that should be taken following an analysis of experience or surplus/profit, including capital management and modelling considerations

#### 5.3 Understand the principles and practices that are relevant to the assessment of specific business strategies:

- Assessment of the market for a new company launch
- Assessment of overseas markets
- Assessment of a company or portfolio for takeover

### Assessment

The assessment of this subject will consist of one examination.

Candidates can expect to answer a number of questions of varying marks, using Microsoft Word to construct and type their answers. The duration of this examination is three hours and twenty minutes and is timed and online. This time includes reading time.

Candidates will be expected to be able to apply knowledge and skills from across the syllabus topics to scenarios and questions proposed by the examiners and produce coherent solutions and actions, including:

- Analysis of complex problems in terms of actuarial, economic and financial factors to a level where appropriate analytical techniques may be used.
- Assess the implications and relevance of such factors, integrating the results into a coherent whole.
- Evaluate the results critically in a wider context, drawing appropriate conclusions.
- Propose solutions and actions, or a range of possible solutions and actions, based on this evaluation.

#### Topic weighting

The topic weighting percentage noted alongside the topics is indicative of the volume of content of a topic within the subject and therefore broadly aligned to the volume of marks allocated to this topic in the examination. For example if a topic is 20% of the subject then you can expect that approximately 20% of the total marks available in the examination paper will be available on that topic.

Candidates for assessment should ensure that they are well prepared across the entire syllabus and have an understanding of the principal terms used in general health and care. The examination can be composed of questions drawing from any part of the syllabus within any examination sitting and using any command verb. This includes knowledge, techniques, principles, theories, and concepts as specified. Candidates should not rely on past papers alone and should ensure they have covered the entire syllabus as part of their learning and development of this subject. A list of command verbs used in the examinations is included on the IFoA website.

In each examination, candidates will be expected to demonstrate, through their answers, that they have knowledge of, can apply and use higher order skills in this subject:

- Knowledge will be demonstrated through answering questions that assess your understanding of that knowledge as well as through questions that ask you to apply relevant knowledge to scenarios.
- Application will be demonstrated through answering questions which assess that you can identify and apply relevant concepts and skills to solve problems (both numerical and non-numerical).
- Higher order skills will be demonstrated through questions that will assess that you can use relevant knowledge, concepts and skills to solve problems, draw appropriate conclusions, and make meaningful and appropriate comments on those conclusions.

As a guide, in the examination of this subject, you can expect that approximately 15% of the total number of marks for this examination be allocated to the demonstration of knowledge, 55% to application and 30% to higher order.

#### Qualifications Handbook, Examinations Handbook and Assessment Regulations

Please ensure you read and have understood the Examinations Handbook and Assessment Regulations ahead of your exam as well as the Qualifications Handbook. These are all available on the IFoA website.

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Hong Kong  
London (registered office)  
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