



Institute
and Faculty
of Actuaries

Fellowship Qualification

General Insurance (SA3)

Specialist Advanced

Syllabus for the 2024 Examinations

April 2023

General Insurance (SA3)

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
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Aim

Apply relevant actuarial principles and techniques to complex scenarios concerning the management of general insurance companies, taking into account relevant regulatory, legislative and professional requirements.

Links across the Qualifications

Fellowship Qualification

General insurance Reserving and Capital Modelling Specialist Principles (SP7), General Insurance Pricing Specialist Principles (SP8) and General Insurance Specialist Advanced (SA3) are a trio of subjects for actuarial work specific to General Insurance. Each subject develops a specific set of skills and knowledge needed by actuaries working in or who wish to work in General insurance. The subjects are related as follows:

- General Insurance Reserving and Capital Modelling Specialist Principles (SP7) covers relevant actuarial principles and techniques for reserving and capital modelling within general insurance companies, and how these link to other business processes such as data, business planning, pricing, reinsurance and investment.
- General Insurance Pricing Specialist Principles (SP8) covers relevant actuarial principles and techniques for pricing of general insurance and reinsurance products, and how these link to other business processes such as data, risk management, business planning, reserving, capital setting, reinsurance and catastrophe modelling.
- General Insurance Advanced (SA3) builds upon the skills and knowledge covered in SP7 and SP8, applied to more complex scenarios. It covers general insurance markets, regulation, legislation, taxation, financial management, monitoring and strategies.

Topics and topic weightings

1. General insurance markets, catastrophe modelling and emerging risks [35%]
2. Regulatory, legislative and taxation environment [10%]
3. Reserving, pricing, capital modelling and reinsurance [30%]
4. Financial management, monitoring and strategies [25%]

Objectives

1 General insurance markets, catastrophe modelling and emerging risks [35%]

Understand the main features of general insurance markets, including Lloyd's and special aspects of pricing including catastrophe modelling, annuities in non-life insurance and emerging risks.

- 1.1 The main features of general insurance markets
- 1.2 The key features of the Lloyd's market
- 1.3 Special aspects of pricing including catastrophe modelling
 - 1.3.1 Considerations when pricing large commercial risks
 - 1.3.2 Alternative rating approaches for large commercial risks
 - 1.3.3 Incorporating return on capital in the calculation of premium rates
 - 1.3.4 Difference between catastrophe modelling and traditional actuarial rating methods
 - 1.3.5 Generic structure of a catastrophe model, including:
 - Key perils modelled
 - Key uses of output of catastrophe models
 - Key considerations when using the output of catastrophe models
 - Non-modelled catastrophe
- 1.4 Considerations of Climate change on pricing and catastrophe modelling
- 1.5 Actuarial features of annuities in non-life insurance (also known as Periodic Payment Orders)
- 1.6 Emerging risks and disrupters and their impact on the general insurance market

2 Regulatory, legislative and taxation environment [10%]

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

- 2.1 Solvency II regulatory framework and its application to general insurance:
 - Background and scope
 - Structure
 - Pillar 2 governance requirements
 - Pillar 3 disclosure and reporting requirements
 - Group reporting requirements
- 2.2 Regulatory regime in place in Lloyd's
- 2.3 Impact of consumer protection and equality legislation on general insurance business
- 2.4 Impact of taxation on the operations of a general insurance business and for their policyholders, including mutual and proprietary insurers and Lloyd's syndicates and their members
- 2.5 Regulatory framework for the general insurance industry and its implementation within general insurance companies including:
 - Objectives of regulators
 - Supervisory tools, including rulebooks and reporting requirements
 - Statutory actuarial roles
 - Transfer of liabilities between companies.

2.6 Requirements of actuarial standards for actuaries practising in or advising general insurance companies

3 Reserving, capital modelling and reinsurance [30%]

Understand reserving bases, reserving for latent claims and the effect on reserving and capital of commercial and regulatory environment.

3.1 Appropriate bases to value insurance liabilities of a general insurer to produce:

- Annual accounting and statutory returns, including under IFRS 17
- Management accounts

3.2 Reserving techniques for latent claims and disease claims

3.3 Impacts of the commercial and regulatory environment on reserving and capital

4 Financial management, monitoring and strategies [25%]

Understand the functions of financial planning including modelling, and portfolio transfers.

4.1 The function of financial planning in the management of a general insurance business and create appropriate financial strategies

4.2 Appropriate financial planning models to enable a general insurer to develop and monitor its objectives at either the corporate or product level

4.3 Reasons for transferring a portfolio of business and appropriateness of approaches

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 insurance. 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, 60% to application and 25% 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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