

**Subject SA3
General Insurance
Specialist Applications**

Syllabus

for the 2008 Examinations

1 June 2007

**The Faculty of Actuaries and
Institute of Actuaries**

Subject SA3 — General Insurance Specialist Applications Syllabus

Aim

The aim of the General Insurance Specialist Applications subject is to instil in successful candidates the ability to apply knowledge of the United Kingdom general insurance environment and the principles of actuarial practice to providers of general insurance in the United Kingdom.

Links to other subjects

Subject ST3 — General Insurance Specialist Technical: provides the underlying principles of general insurance upon which this subject is based. It is assumed that candidates have a good understanding of the principles covered in Subject ST3 — General Insurance Specialist Technical.

Candidates can expect to be examined in aspects of general principles developed in Subject ST3 — General Insurance Specialist Technical as well as the further aspects of general principles, and also the United Kingdom specific aspects, developed in this subject.

Subject P3 — General Insurance UK Practice Module Specialist: the knowledge required to pass Subject P3 is contained in this subject.

Objectives

On completion of this subject, the successful candidate will be able to:

- (a) Define the principal terms in use in general insurance in the United Kingdom.
 - glossary
- (b) (i) Analyse the main types of United Kingdom general insurance products in terms of:
 - the needs of customers
 - the financial and other risks they pose for the general insurer including their capital requirements and possible effect on solvencyand be able to interpret other general insurance products.
- (ii) Analyse the main types of general reinsurance products and the purposes for which they may be used, and explain how the reinsurance needs of a general insurer influence the features of reinsurance contracts.
- (c) Describe the main features of the United Kingdom general insurance market.

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- (d) Describe the principal tax, legislative and supervisory controls that affect United Kingdom general insurers.
- (i) State the principles on which the taxation of a proprietary insurer is based.
 - (ii) Describe the technical reserves that can be taken into account in calculating the taxable profits of a proprietary insurer.
 - (iii) Describe the principal differences in taxation treatment between a mutual and a proprietary insurer.
 - (iv) Outline the principles of taxation within the Lloyd's market.
 - (v) Outline the principles of insurance supervision for companies and for Lloyd's.
 - (vi) Describe the statutory role of the actuary in general insurance.
 - (vii) Describe the steps required and calculate a general insurance company's statutory minimum solvency margin.
 - (viii) Describe the principles of the statutory requirements to protect policyholders and others.
 - applied specifically to insurers under United Kingdom legislation
 - placed by Lloyd's Council on Names at Lloyd's
- (e) Describe the requirements of the professional guidance relevant to actuaries practising in or advising United Kingdom general insurance companies and Lloyd's syndicates.
- (f) Analyse the major areas of risk and uncertainty for United Kingdom general insurers, in particular those which may threaten profitability or solvency, in terms of:
- the nature and extent of the risks
 - the factors that will affect these risks

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- (g) Understand how to design and rate general insurance products to be sold by United Kingdom general insurers, having regard to:
- the choice of rating factors, their definition and their relative importance
 - capital requirements and return on capital
 - management of the risks
 - underwriting guidelines
 - reinsurance requirements
 - investment policy
 - policy conditions such as self retention limits
 - the renewal process
 - expenses
 - legal restrictions on underwriting
- (h) Determine appropriate bases for valuing the insurance liabilities of a United Kingdom general insurer in order to produce:
- Companies Act accounts and statutory returns
 - Taxation accounts
 - Management Accounts
- (i) Analyse the outward reinsurance requirements of a United Kingdom general insurer for the purpose of the efficient management of risk and uncertainty, and develop appropriate strategies.
- (j) Analyse the financial planning requirements of a United Kingdom general insurer and develop appropriate strategies.
- (k) Analyse the asset liability matching requirements of a United Kingdom general insurer and develop appropriate strategies.
- (l) With reference to the Actuarial Control Cycle, carry out an analysis of the experience of a general insurer in the following areas:
- claims and exposure
 - portfolio analysis
 - analysis of movements
 - expenses
 - persistency and profitability by source

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(m) Solve complex problems and analyse complex issues associated with:

- product design
- product pricing
- reserving for unexpired risks
- reserving for outstanding claims
- valuation of assets and liabilities
- reinsurance arrangements
- investment policy
- asset adequacy
- long-term financial control

and hence draw reasoned conclusions in relation to:

- risks undertaken
- the requirement for capital
- the return on capital

End of Syllabus