

Subject P3 General Insurance UK Practice Module

Syllabus

for the 2009 Examinations

1 June 2008

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

Subject P3 — General Insurance UK Practice Module Syllabus

Aim

The aim of this module is to provide a knowledge of UK business practice, regulation, legislation and professional guidance notes relevant to the work of an actuary practising in General Insurance in the UK.

The Core Reading for the General Insurance Specialist part of this module is contained within the Core Reading for Subject SA3 — General Insurance Specialist Applications. There is separate Core Reading for the generic part of this module.

Part A: Generic

This part is generic module P0 and may be taken on its own with a 45 minute test.

1. Know and understand the purpose and structure of UK financial services industry and regulations.
2. Know and understand the FSA's regulatory powers and their impact upon firms and individuals, including how the FSA's rules affect the control structures of firms and their relationship with the FSA and its approach to ethical conduct by firms and individuals.
3. Identify key organisations, institutions and people in the industry and the roles they play in the provision of financial services products.
4. Know and understand the role of the main consumer protection bodies in UK financial services.
5. Explain what is meant by advice, including monitoring and review arrangements, and state the rules that apply to the different types of advice.
6. Know and apply the basic principles of business ethics and integrity.
7. Know and understand the requirements of the major codes of practice relevant to retail financial services.
8. Know and understand the nature of business fees and commission.
9. Know and understand the rules, regulations and procedures relating to the handling of client money.
10. Apply the main requirements of the Data Protection Act 1998, anti money laundering regulations, Conduct of Business Rules, Proceeds of Crime Act 2002 and the laws of agency and contract in dealing with customers.

11. Know and understand the FSA's complaints handling requirements.
12. Know and understand the main features of the FSA's policy regarding financial promotions.
13. Understand the concepts and principles underpinning insurance contracts.
14. Know and understand the FSA's requirements relating to market abuse.
15. Know and apply the principles of asset ownership to retail financial services.
16. Know and understand the importance of financial planning and describe the factors that affect financial needs throughout life.
17. Understand and apply the principles and concepts of risk associated with financial planning.
18. Be aware of the purpose of the professional guidance for actuaries contained in the Professional Conduct Standards and the Guidance Notes.

Part B: General Insurance Specialist

1. Define the principal terms in use in general insurance in the United Kingdom.
2. Identify the key stakeholders in the provision of general insurance in the UK and the main features of the UK general insurance market.
3. Describe the main types of general insurance products provided within the UK market and understand where and why certain covers are compulsory.
4. Understand the socio-economic and other factors that affect the cost of general insurance products in the UK.
5. Know and understand the legal, taxation and regulatory framework as applicable to UK general insurance, namely:
 - (a) The principles involved in the taxation of the UK business of general insurance companies (mutual and proprietary).
 - (b) The technical reserves that can be taken into account in calculating taxable profits for UK general insurers.
 - (c) The principles involved in the taxation of the UK business of Lloyd's syndicates.
 - (d) The scope and contents of the Financial Services and Markets Act 2000 as it affects general insurance companies and Lloyd's syndicates.

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- (e) The contents of the Financial Services Authority's ("FSA's") Handbook of Rules and Guidance and know which parts have implications for general insurance companies.
 - (f) The requirements of the FSA's Integrated Prudential Sourcebook for Insurers in respect of:
 - valuation of assets and liabilities
 - returns to be submitted
 - solvency
 - transfers of surplus
 - transfers of liabilities from one general insurance company to another
 - Statutory Solvency Basis of reporting
 - capital requirements
 - (g) The FSA Guidance Notes, and "Dear Director" letters, contained in the Integrated Sourcebook.
6. Describe the requirements of the professional guidance relevant to actuaries practising in or advising UK general insurance companies and Lloyd's syndicates in particular Guidance Notes 12, 18, 20, 32 and 33.
 7. Be aware of any proposed changes in legislation or professional guidance that will require action by UK general insurance companies, and their expected effective date of implementation.
 8. Be aware of the major areas of risk and uncertainty for UK 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
 9. Understand the principles and practices in specific areas of valuations and evaluations undertaken in the UK.
 - (a) Assessing the market for launch of a general insurance product or company.
 - (b) Assessing a general insurance company or portfolio for takeover.
 - (c) Finding appropriate data/information for the above analyses.
 - (d) Projecting solvency.
 - (e) Managing capital.
 10. Understand the outward reinsurance requirements of a UK general insurer for the purpose of the efficient management of risk and uncertainty, and be aware of appropriate strategies adopted.
 11. Understand the asset liability matching requirements of a UK general insurer and be aware of appropriate strategies.

End of Syllabus