



Institute  
and Faculty  
of Actuaries

# CB3 – Business Management

Syllabus

for the 2021 exams

June 2020



# CB3 – Business Management

## Aim

The aim of the Business Management practical exam is to provide candidates with an understanding of:

- the business environment in which they will be working.
- how to tackle business-related problems.
- the basic legal principles that are relevant to actuarial work.
- their professional responsibilities.
- the need for lifelong learning.

## Links to other subjects

The Business Management practical exam has links to many other subjects. The knowledge gained should enable candidates to provide more rounded business-related solutions when working on later subjects and help them in the development of their practical work-based skills.

## Objectives

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

- 1 Specify, describe or discuss a range of topics relevant to working as an actuary in the financial services industry.
  - 1.1 Specify the type of skills that must be acquired to become a competent practising actuary in the financial services industry.
  - 1.2 List the aspects of an employing company about which knowledge should be obtained.
  - 1.3 Specify those aspects of the financial services industry about which knowledge should be obtained and maintained.
  - 1.4 Describe why it is important to know how other industries affect the financial services industry.
  - 1.5 State those aspects of the global economy and politics about which some knowledge should be gained and maintained.
  - 1.6 Describe the activities of the Institute and Faculty of Actuaries.
  - 1.7 Discuss the issues and challenges faced currently by each main practice area, namely life, pensions, general, healthcare, finance, investment and enterprise risk management.
- 2 Develop an approach to strategic thinking.
  - 2.1 Describe what a strategy is and how it relates to competitive advantage and competitive positioning.
  - 2.2 Develop a process for strategic decision making.
  - 2.3 Define a PEST analysis (Political/legislative, Economic, Societal, Technological) and describe how to carry one out.
  - 2.4 Describe how to identify business and consumer needs and how to prioritise them.
  - 2.5 Describe the industry value chain and how to apply it.
  - 2.6 Discuss how to combat competitive forces.
  - 2.7 Learn how to communicate strategic messages to gain buy-in and attention, selecting appropriate structures to present different types of information.
  - 2.8 Discuss how a company's culture affects decision making.
  - 2.9 Discuss how a company's structure affects decision making.
  - 2.10 Analyse case studies and present results of the analyses.

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- 3 Develop an approach to business decision making.
  - 3.1 Discuss the importance of a clear mission statement.
  - 3.2 Describe the importance of a clear business strategy.
  - 3.3 Describe the benefits of teamwork.
  - 3.4 Describe the advantages of time management.
  - 3.5 Discuss the importance of extracting relevant information from a large volume of data.
  - 3.6 Describe the interaction of various company functions.
  - 3.7 Discuss the value of different people skills.
  - 3.8 Assess their ability to influence others.
  - 3.9 Discuss the advantages of communicating clearly.
  - 3.10 Describe how to develop a decision making process.
  - 3.11 Discuss attitude to risk in decision making.
  - 3.12 Discuss how competition can affect a market.
- 4 Describe and understand the basic legal principles that are relevant to the work of an actuary and their practical implications.
  - 4.1 Appreciate the sources of English law and how Scottish law may differ (overview only).
  - 4.2 Understand the requirements for a valid contract (overview only).
  - 4.3 Identify when the courts will imply terms into contracts.
  - 4.4 Understand the extent to which liability can be excluded.
  - 4.5 Make simple assessments of likely contractual remedies.
  - 4.6 Calculate a basic award of damages.
  - 4.7 Identify the factors that must be established before liability for professional negligence can arise.
  - 4.8 Understand the concept of a trust and the duties of trustees.
  - 4.9 Understand the concept of agency and list the types of authority an agent may possess.
  - 4.10 Appreciate the concepts of separate legal personality and limited liability.
  - 4.11 Understand and, at a basic level, be able to explain the role of directors and shareholders within a company.
  - 4.12 Appreciate the duties imposed on directors by statute, common law and equity.
  - 4.13 At a basic level, be able to explain the nature of partnership and the duties owed by partners to insiders and third parties.
- 5 Describe or specify important aspects of professionalism and ethics.
  - 5.1 State important characteristics of a profession and its advantages to interested parties.
  - 5.2 Demonstrate a knowledge of the Actuaries' Code that binds all members of the Institute and Faculty of Actuaries.
  - 5.3 List the measures by which the Financial Reporting Council and the Institute and Faculty of Actuaries Profession regulate the activities of the actuaries and students in the UK and overseas.
  - 5.4 Describe the corporate governance structure of the Institute and Faculty of Actuaries.
  - 5.5 Analyse appropriate case studies relating to professionalism and ethics, and present results of the analyses.

**END**