



Institute
and Faculty
of Actuaries

Subject SA3 General Insurance Specialist Applications

Syllabus

for the 2018 exams

1 June 2017

Subject SA3 – General Insurance Specialist Applications

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 ST7 – General Insurance: Reserving and Capital Modelling Specialist Technical provides the underlying principles of reserving and capital modelling techniques in general insurance upon which this subject is based. It is assumed that candidates have a good understanding of the principles covered in this Subject.

Subject ST8 – General Insurance: Pricing Specialist Technical provides the underlying principles of premium rating techniques in general insurance upon which this subject is based. It is assumed that candidates have a good understanding of the principles covered in this Subject.

Candidates can expect to be examined in aspects of general principles developed in Subjects ST7 and ST8 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.
- (b)
 - (i) Describe the main features of the United Kingdom general insurance market.
 - (ii) Outline the key features of the Lloyd's market.
- (c) Describe the principal regulatory and supervisory requirements that affect general insurers (including Lloyd's) established in the UK, under:
 - Solvency II regulation
- (d) Describe the principal taxation requirements that affect general insurers (including Lloyd's) established in the UK.
 - (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.

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- (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.
- (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)
 - (i) Understand the particular considerations to be borne in mind when pricing large commercial risks.
 - (ii) Describe the alternative approaches to rating such risks.
- (g) Outline how to incorporate the return on capital in the calculation of premium rates.
- (h) To understand the use of catastrophe modelling in non-life actuarial work:
 - (i) Understand the difference between catastrophe modelling and traditional actuarial rating methods.
 - (ii) Outline the generic structure of a catastrophe model.
 - (iii) Understand the key perils modelled.
 - (iv) Describe the key uses to which a non-life actuary might put the output of catastrophe models.
 - (v) Understand some key considerations in using the output of catastrophe models.
- (i) 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
- (j) Understand the reasons why different reserving techniques are required for latent claims and disease claims.
- (k)
 - (i) Analyse the financial planning requirements of a general insurer and develop appropriate strategies.
 - (ii) Develop appropriate models for the purpose of financial planning to enable a general insurer to develop and monitor its objectives at either the corporate or product level.
- (l)
 - (i) Outline the reasons why a general insurer may wish to transfer a portfolio of business to another insurer.

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- (ii) Describe the alternative approaches to such a transfer, including the situations in which each may be appropriate.
- (m) Produce coherent advice and recommendations for the overall financial management of a general insurer.
 - (i) Analyse more complex problems in terms of actuarial, economic and financial factors to a level where appropriate analytical techniques may be used.
 - (ii) Integrate the results of such an analysis into a coherent whole, and
 - (iii) Evaluate critically and interpret the results in a wider context and draw appropriate conclusions.

END OF SYLLABUS