



SOCIETY OF ACTUARIES

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# STRUCTURING THE GENERAL INSURANCE FELLOWSHIP TRACK

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**THE DECISION TO CREATE** the General Insurance fellowship track puts the Society of Actuaries (SOA) in the position of offering actuarial education in the full range of actuarial practice areas. Prior to this decision, the SOA was the only broad-based actuarial organization that did not offer a general insurance option. Candidates will now be

regardless of location. Like other SOA fellowship tracks, it will also be designed so that FSAs who pass the General Insurance exams and modules will be recognized as fully qualified to practice in the United States and Canada, including the signing of statutory reports. Nation-specific material will be included for financial and regulatory

track will include an additional exam. Effective July 1, 2013, all tracks to fellowship will generally include the following requirements: ASA requirements, two five-hour track-specific exams, one two-hour track-specific exam, three track-specific e-Learning modules, the Decision Making and Communication (DMAC) module and the Fellowship Admissions Course (FAC). The additional exam for the General Insurance track will be a two-hour multiple-choice exam covering the topic "Introduction to General Insurance." This exam will ensure the candidates are well versed in the wide variety of coverages included under the definition of General Insurance. The current Financial and Health Economics e-Learning module will be enhanced to include general insurance material. This module is required for the Group & Health, Individual Life and Annuities and Retirement Benefits specialty tracks and will be required for the General Insurance track as well. The module will be renamed as Financial, General Insurance and Health Economics. Associateship requirements remain unchanged. It is important to note, however, that although the current Fundamentals of Actuarial Practice (FAP) e-Learning course includes general insurance content, additional general insurance topics and activities will be added to the course in 2013.

**"By supporting the basic qualification standards for all actuarial disciplines, the SOA will provide more time for the new candidate to choose his or her area of specialization, as well as providing mid-career actuarial professionals, including virtually all SOA members, with more options."** —Bradley M. Smith, FSA, MAAA, Immediate Past-President of the SOA

exposed to all areas of actuarial practice before selecting among the various practice-specific fellowship tracks. This allows candidates maximum flexibility in working toward their professional designation.

The SOA is committed to developing a world-class General Insurance fellowship track. This track will present actuarial methodologies on a broad international basis that will be attractive to candidates

topics. The SOA is currently working with the appropriate national organizations to ensure that their expectations are met by the SOA's General Insurance track.

The General Insurance track is being developed with the goal of being consistent with the existing structure of the other FSA specialty tracks. This goal will be achieved for the General Insurance fellowship track with one exception; the General Insurance

The table below outlines the pathway to fellowship in the General Insurance track after attaining associateship.

Candidates will achieve the FSA designation after successfully completing the outlined general insurance pathway plus the DMAC and FAC.

**INTRODUCTION TO GENERAL INSURANCE EXAM**

This exam will be unique to the General Insurance fellowship track. General insurance covers a wide array of coverages and lines of business typically not found in the other SOA fellowship tracks. Understanding the various coverage forms and lines of business is critical to the practice of a general insurance actuary. Topics will

include: various policy concepts unique to property and casualty insurance, the underwriting function, the claims adjusting function, and background on common personal and commercial lines of business. The intent of this exam is to familiarize candidates with these topics. As a result, a two-hour multiple-choice exam is planned.

**INTRODUCTION TO RATEMAKING AND RESERVING EXAM**

This will be the first five-hour exam. This exam will introduce candidates to the fundamental building blocks of general insurance actuarial practice. An introduction to ratemaking and reserving is the main focus, and the exam will also cover standards of practice, monitoring financial results, and communication and reporting

of financial results. While this exam will need to ensure proper coverage of actuarial practice currently in use in the United States and Canada, a more global perspective is planned to ensure a holistic fundamental actuarial education in general insurance for all candidates. The format of this exam is written answer. It will be offered in the spring and fall of each year, being first offered in the fall of 2013.

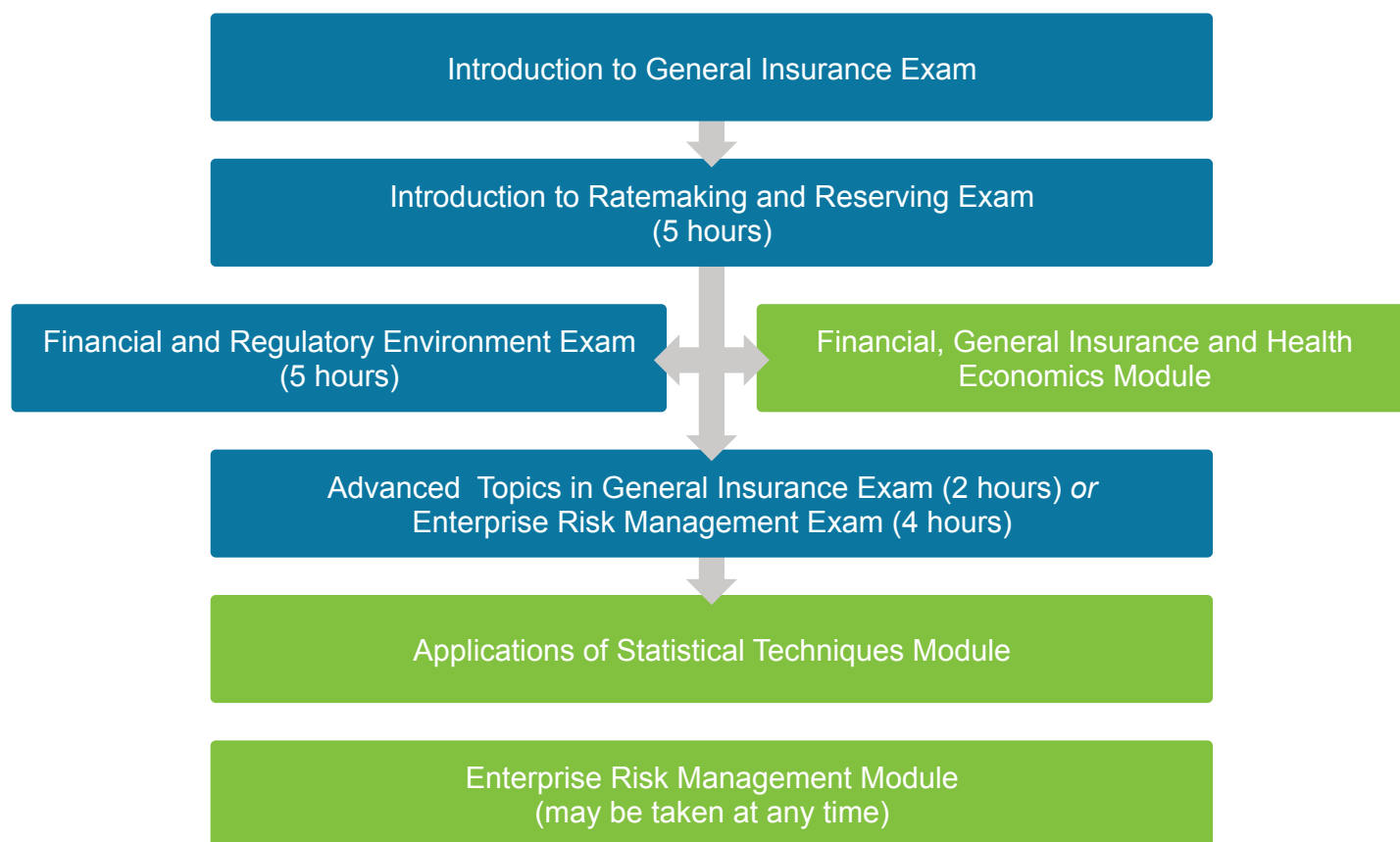


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## General Insurance Track



## General Insurance

General insurance is often thought of as insuring some item or an entity, as opposed to insuring a life or individual in areas such as life insurance and health insurance. It is commonly referred to as “Property and Casualty” insurance in North America and “Non-Life” insurance in Asia and continental Europe. Many different types of insurance products are classified as general insurance. Examples include the following: automobile, credit, crop, liability, marine, property, surety and workers’ compensation. General insurance products are often broadly categorized as commercial lines products and personal lines products.

Examples of current issues facing actuaries in general insurance include:

- Climate change and its impact on insurance regarding flood, wind and erosion damage especially in coastal areas.
- Usage-based insurance rating in personal automobile insurance.
- Developments in automobile technology (e.g., driverless automobiles).
- Credit scoring for use in the underwriting and rating of personal lines insurance.
- Potential of new mega-class-action lawsuits.
- Insurability of terrorism losses.
- Development of catastrophe models.
- Quantifying reinsurance counterparty risk.
- Evolution of capital modeling.

## FINANCIAL AND REGULATORY ENVIRONMENT EXAM

This will be the second five-hour exam. Both a U.S. and a Canadian version of the exam will be administered, each of which has its own reading list. Financial topics covered in this exam will include: the preparation of financial statements for general insurance organizations, analyzing the financial health of a general insurance organization through solvency regulation and other methods,

**“Given the SOA’s recognized, high-quality actuarial education and examination capabilities, I am confident we will create a world-class general insurance track.”**  
—Tonya B. Manning, FSA, MAAA, EA, FCA, President of the SOA

the principles of various financial reporting standards, and the principles of reinsurance accounting. Regulatory environment topics covered in this exam will include: historical developments and current state of the general insurance regulatory environment, historical developments and current state of the litigation environment as it applies to general insurance and landmark court decisions that impact the general insurance industry. The exam will also cover the applicable standards of practice and responsibilities of the actuary as defined by regulators and the applicable national actuarial organization (American Academy of Actuaries for the U.S. exam and Canadian Institute of Actuaries for the Canadian exam). The format of this exam is written answer. It will be offered in the spring and fall of each year, being first offered in the spring of 2014.

## ADVANCED TOPICS IN GENERAL INSURANCE EXAM

This will be a two-hour exam. This exam will

cover topics such as: reinsurance ratemaking and reserving, estimating risk transfer, excess and deductible rating, individual risk rating and strategies for achieving a portfolio rate of return. The format of this exam is written answer. It will be offered in the spring and fall of each year, being first offered in the spring of 2014. This exam will be optional in that the four-hour Enterprise Risk Management (ERM) exam may be taken instead of the Advanced Topics in General Insurance exam for those

seeking the Chartered Enterprise Risk Analyst (CERA) credential. It should be noted that although this exam is optional it will likely be required to satisfy regulatory requirements for the statutory signing of reports.

## ENTERPRISE RISK MANAGEMENT EXAM

This is the current ERM exam. This four-hour exam is optional and may be taken instead of the two-hour Advanced Topics in General Insurance exam. This exam is a key component of the pathway for earning the CERA credential. This exam includes the following ERM topics: types of risks faced by an entity, risk modeling, quantification of risk, managing risk and the concept of economic capital. General insurance is already included as one of the practice-area extensions for this exam.

## APPLICATIONS OF STATISTICAL TECHNIQUES MODULE

The Applications of Statistical Techniques

## Member Views

*"I've been doing P&C work for almost 20 years now, so this feels very natural to me. When I first started working in Latin America, I was confused to find there wasn't a distinction between Life and General like there was in the United States. Then I realized that we were the ones that had it backwards."*

**Jim Toole, FSA, CERA, MAAA**, managing director, Global Insurance Services, FTI Consulting

*"I volunteered for this because I think it will make me a better health actuary. I am looking forward to enhancing my own skill set then sharing it with other health actuaries."*

**Joan C. Barrett, FSA, MAAA**, vice president and actuary, National Accounts, UnitedHealthcare

module is an e-Learning module where candidates acquire and use knowledge that is distributed and facilitated electronically. It is a new module to be introduced in 2013. It will cover advanced ratemaking and reserving topics that are better handled in a module setting as it is an opportunity to provide a hands-on experience with case studies. Candidates will need to work through generalized linear models (GLMs) for classification ratemaking purposes, apply and evaluate advanced reserving techniques, and measure the variability in reserves.

### FINANCIAL, GENERAL INSURANCE AND HEALTH ECONOMICS MODULE

The Financial, General Insurance and Health Economics module is a revised version of the Financial and Health Economics module currently required for all tracks. The key change to this new version is the addition of general insurance material. In this e-Learning module, candidates acquire and use knowledge that is distributed

and facilitated electronically. The new topics that will be added will be valuing the equity of a firm and managing interest rate, cash flow, credit and investment risks.


### ERM MODULE

The ERM module is the current ERM e-Learning module used in the other fellowship tracks and is a requirement of the General Insurance fellowship track. This module covers ERM topics such as understanding the ERM framework, identifying/defining operational risks, developing and analyzing economic capital models, and understanding various risk management approaches. It is also one of the requirements for attaining the CERA credential.

### ACTUARIAL EDUCATION AND VALIDATION

The SOA is committed to setting the global standard for a complete actuarial curriculum. Within each SOA fellowship track, the SOA strives to maintain an adequate balance between the depth and breadth of the topics

covered in its syllabus. The General Insurance fellowship track will be no different. Core topics will be covered in depth. Many specialized topics will also be included. The SOA's education and validation structure includes traditional exams, interactive modules, a project (within the DMAC module) and seminars (APC and the FAC). This structure provides a complete process to validate the technical skills required by actuaries and to encourage creativity and improved communication skills.

The SOA is currently developing the learning objectives and syllabus readings for the new general insurance offerings. For example, a textbook has been commissioned for the Introduction to Ratemaking and Reserving exam. The author of this new textbook will be Jacqueline Friedland, FCIA, FCAS, MAAA, an author of actuarial educational material published for other actuarial organizations. SOA staff and volunteers are well into the process of acquiring the necessary syllabus materials and developing new syllabus materials as required. Volunteers with background in general insurance and other areas of actuarial practice have stepped forward to be involved in this important initiative. The SOA General Insurance fellowship track syllabus will allow candidates to meet or exceed the accepted standards of a qualified actuary in general insurance around the globe. 

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