

EDUCATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

INTRODUCTORY STUDY NOTE

EXAM SESSION: SPRING 2014

EXAM: GENERAL INSURANCE - FINANCIAL AND REGULATORY ENVIRONMENT – US

DATE and TIME: Friday, May 2; 8:30 a.m. – 11:45 a.m. and 1:30 p.m. – 3:45 p.m.

1. The examination will consist of five hours of written answer questions. A read-through time will be given prior to the start of the exam, 15 minutes in the morning session and 15 minutes in the afternoon session. No writing is allowed during the read-through time.
2. The following link shows a recommended FSA module/exam sequence for each track:
<http://www.soa.org/Education/Exam-Reg/edu-new-fsa-recommended.aspx>.

This order is NOT mandated. Each candidate will determine the appropriate sequence based on factors including readiness to sit for an exam, exam administration schedules, or study time available. However, the Education committees believe that these recommendations provide the most effective guide for candidate success. An examination/module may assume familiarity with material that is covered in any requirement that is recommended to come before that examination or module.
3. The syllabus material includes textbooks, online readings, and the study notes listed in the Appendix. The Appendix also may contain additional important information regarding this exam. A complete listing of the Syllabus and Learning Objectives is located in this exam's home page on the SOA Web site.
4. Several book distributors carry some or all of the textbooks for the Society of Actuaries exams. A list appears on the SOA Web site at: <http://www.soa.org/education/exam-reg/resources/edu-txt-manuals.aspx>.
5. Any changes in the syllabus for this exam will be published under "Updates" in this exam's home page on the SOA Web site.
6. Past exams, solutions and case studies are available at: <http://www.soa.org/education/exam-reg/syllabus-study-materials/edu-multiple-choice-exam.aspx>.
7. There is no case study for this examination.
8. The candidate should be very familiar with the Learning Objectives. These Learning Objectives are the first ingredient in developing the syllabus and also guide the examination committee when writing questions. The Learning Objectives set out the cognitive level needed to pass this exam. You will notice that the candidates are expected to "analyze," "explain," "calculate," "describe," "apply," etc. While studying the syllabus material, candidates may want to refer back to the Learning Objectives to remain focused on the goals of the exam.

9. The examination questions for this exam will be based on the required readings for this exam. If a conflict exists (in definitions, terminology, etc.) between the readings for this exam and the readings for other exams, the questions should be answered on the basis of the readings for this exam.
10. Candidates may ONLY use these battery or solar-powered Texas Instruments models: BA-35, BA II Plus*, BAII Plus Professional*, TI-30Xa, TI-30X II* (IIS solar or IIB battery), and TI-30X MultiView* (XS solar or XB battery). Candidates may use more than one of the approved calculators during the examination.

Calculator instructions may not be brought into the exam room. During the exam, the calculator must be removed from its carrying case so the supervisor can confirm that it is an approved model. Candidates using a calculator other than the approved models will have their exams disqualified.

Candidates can purchase calculators directly from: Texas Instruments, Attn: Order Entry, PO Box 650311, Mail Station 3962, Dallas, TX 75265, phone 800/842-2737 or <http://epsstore.ti.com>.

The memory of the **BA II Plus, BAII Plus Professional, TI-30X II, and TI-30X MultiView calculators will need to be cleared by the examination supervisor upon the candidate's entrance to the examination room.*

11. A list of various seminars/workshops and study manuals appears on the SOA Web site at: <http://www.soa.org/education/exam-reg/resources/edu-sem-workshops.aspx> and <http://www.soa.org/education/exam-reg/resources/edu-txt-manuals.aspx>. These seminars/workshops and study manuals do not reflect any official interpretation, opinion, or endorsement of the Society of Actuaries or its Education Committee.

Please note that the Education Committee expects candidates to read the material cited in the syllabus and to use other material as a complement to the primary sources rather than a substitution for them.

12. The Society of Actuaries provides study notes to persons preparing for this examination. They are intended to acquaint candidates with some of the theoretical and practical considerations involved in the various subjects. While varying opinions are presented where appropriate, limits on the length of the material and other considerations sometimes prevent the inclusion of all possible opinions. These study notes do not, however, represent any official opinion, interpretation or endorsement of the Society of Actuaries. The Society is grateful to the authors for their contributions in preparing study notes.

The American Academy of Actuaries, the Canadian Institute of Actuaries, the Conference of Consulting Actuaries, and the Society of Actuaries jointly sponsor various examinations administered by the Society of Actuaries.

APPENDIX

The syllabus resources include numerous online readings, two textbooks, six study notes and one other resource.

The two textbooks are:

- *General Insurance Financial Reporting Topics*, 2013, Society of Actuaries
- Porter, K., Editor, *Insurance Regulation*, The Institutes, 1st Edition, 2008

The six study notes are:

- FRE-100-14: "Government Provision of General Insurance"
- FRE-101-14: "Tort Law Issues for General Insurance Actuaries" (this study note will be posted online when available)
- FRE-102-14: Pages 1-26 from National Association of Insurance Commissioners, Insurance Regulatory Information System (IRIS) Ratios Manual, 2013 Edition (This is a replacement for Part 11 of the textbook *General Insurance Financial Reporting Topics*. Part 11 of the textbook will not be published in time for the Spring 2014 exams.)
- FRE-103-14: *Excerpts from Business Law for Insurance Professionals*, The Institutes, Institutes Custom Publishing, 1st edition, 2013
- FRE-104-14: "Usage Based Insurance and Telematics"
- FRE-801-14: Excerpts from National Association of Insurance Commissioners, Accounting Practices and Procedures Manual, 2012

The other resource:

- Selected pages from the National Association of Insurance Commissioners, Official 2012 NAIC Annual Statement Blanks, Property and Casualty (individual and consolidated basis) (Candidates should study from a completed statutory Annual Statement for a company that makes it available online.) Examples include:
- Allstate (<http://www.allstate.com/about/statutory-statements.aspx#2008>),
- AIG (http://www.aig.com/financial-reports_3171_451485.html),
- Hanover (<http://www.hanover.com/investors/yellowbook.html>),
- Hartford (<http://ir.thehartford.com/phoenix.zhtml?c=108754&p=irol-reportsannual>),
- Liberty Mutual (<http://www.libertymutualgroup.com/omapps/ContentServer?pagename=LMGroup/Views/LMG&ft=4&fid=1138356795162&ln=en>) and
- Travelers (<http://investor.travelers.com/phoenix.zhtml?c=177842&p=irol-reportsOther>).

Availability of resources

The online readings are available by following the instructions or links in the syllabus document.

The *General Insurance Financial Reporting Topics* textbook will be made available online in stages. Available from [ACTEX Publication/Mad River Books](#) or [The Actuarial Bookstore](#)

The Porter textbook may be purchased directly from The Institutes. This textbook is used by The Institutes for course IR 201 as part of earning the Associate in Regulation and Compliance (ARC) designation. <http://www.theinstitutes.org/>

The six study notes are available to candidates for purchase in the complete set of study notes <http://www.soa.org/education/exam-req/syllabus-study-materials/edu-study-notes.aspx>.

While any one resource is listed under only one learning objective, it is often the case that information contained in a resource may also cover information applicable to other learning objectives. Candidates should consider that information for a learning objective is not limited to resources listed under that learning objective; it can also include material listed under other learning objectives.