

# EDUCATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

## INTRODUCTORY STUDY NOTE

**EXAM SESSION:** FALL 2017

**EXAM:** INDIVIDUAL LIFE AND ANNUITIES—LIFE FINANCE AND VALUATION, U.S.

**DATE & TIME:** Thursday, November 2, 2017; 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-Req/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. Study notes listed with an asterisk (\*) will also be included in the Revision set of study notes. 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: <http://www.soa.org/education/exam-req/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-req/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, BA II 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 <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

Study notes for this exam

Code	Title
LFV-100-07	Financial Reporting Developments -Accounting for Derivative Instruments and Hedging Activities: A Comprehensive Analysis of FASB Statement 133, as Amended and Interpreted (Overview and appendix C only)
LFV-102-09	Actuarial Review of Reserves and Other Annual Statement Liabilities
LFV-106-07	Chapter 4 of <i>Insurance Industry Mergers &amp; Acquisitions</i>
LFV-132-14	Practical Guide to IFRS
LFV-133-16	Cluster Analysis: A Spatial Approach to Actuarial Modeling
LFV-134-16	Ready or Not, Here it Comes? Status of IASB Re-deliberations on the IFRS for Insurance Contracts and Where We Go From Here
LFV-136-16	Chapter 11, pages 499-502 of <i>Life Insurance Products and Finance</i>
LFV-137-16	EVA/RAROC Versus MCEV Earnings: A Unification Approach
LFV-138-16	Prudential Financial, Inc.: Stockholders' Equity and Balance Sheet Leverage
LFV-139-17	IFRS 4 Phase II: Illustrative Example of Life Contract Without Participation Features
LFV-140-17	Mind the Gap?
LFV-800-07	IASA <i>Life and Accident and Health Insurance Accounting</i> Chapters 8 pp. 12-16 and 12 pp 1-15 & 32-33
LFV-803-14	NAIC Standard Valuation Law
LFV-804-16	NAIC Actuarial Opinion and Memorandum Regulation
LFV-807-09	Market Value Margins for Insurance Liabilities in Financial Reporting and Solvency Applications, October 2007
LFV-811-10	Actuarial Guideline XXXV
LFV-812-10	A Discussion of Actuarial Guideline 43 for Variable Annuities
LFV-813-13	U.S. Insurance Regulation Solvency Framework and Current Topics
LFV-815-13	Understanding Profitability in Life Insurance
LFV-816-13	Regulatory Issues in Insurance
LFV-818-16	Introduction to Source of Earning Analysis
LFV-819-16	Derivative Accounting & Hedging Under FAS 133
LFV-820-16	Term Life: Understanding Post-Level Experience
LFV-821-16	Insurance Contract Modifications or Exchanges, pp. 1-3
LFV-822-16	Study Note on Actuarial Guidelines 38 & 48
LFV-823-16	NAIC Own Risk and Solvency Assessment (ORSA)

Code	Title
LFV-824-16	Model Risk Mitigation and Cost Reduction Through Effective Documentation
LFV-825-16	The Long and Winding Road: The IASB's Project on Insurance Contracts
LFV-827-16	Using Financial Reinsurance to Address GAAP Earnings Volatility
LFV-828-17	Global Insurance Regulatory Issues: Implications for U.S. Policy and Regulation
LFV-829-17	Chapters 2, 7 and 13 Section 13.2 of <i>Tax Basis Assets and Liabilities for U.S. Life Insurers</i>
LFV-830-17	NAIC Actuarial Guideline XXXVI
LFV-831-17	NAIC Actuarial Guideline XLIII
LFV-832-17	Actuarial Guideline 49: A Closer Look
LFV-833-17	Fundamentals of the Principle-Based Approach to Statutory Reserves for Life Insurance
LFV-834-17	Regulatory Capital Considerations for U.S. Life Insurance
LFV-835-17	Overview of the FASB's Proposal for Long-Duration Contracts of Insurers
LFV-836-17	Actuarial Guideline 49: Post Standards Update

The following additional information applies to this exam:

1. Textbook errata:

[US GAAP for Life Insurers, Second Edition, \(first printing\) editor T. Herget.](#)

[Valuation of Life Insurance Liabilities, Lombardi, L., Fourth Edition, 2006, ACTEX](#)