

EDUCATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

INTRODUCTORY STUDY NOTE

EXAM SESSION: FALL 2018

EXAM: CORPORATE FINANCE AND ERM —STRATEGIC DECISION MAKING

DATE & TIME: Thursday, November 1, 2018; 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. A case study will be used as a basis for some questions on the examination. Be sure to answer the questions asked by referring to the case study. For example, if asked for advantages of a particular plan design to a company referenced in the case study, limit your response to the specifics for that company. Other advantages should not be listed as they are extraneous to the question and will result in no additional credit. Further, if they conflict with the applicable advantages, no credit will be given. Candidates are advised to familiarize themselves with the case study. A copy will be included in the examination booklet. Candidates will not be allowed to bring their study note copy of the case study into the examination room.

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
SDM-100-13	Managerial Accounting for CERAs and FSAs
SDM-106-13	Chapters 5 & 6 of <i>Credit Risk</i>
SDM-107-13	Chapter 17 of <i>Financial Institutions Management: A Risk Management Approach</i> , 7 th Edition
SDM-108-13	Chapters 2 and 3 of <i>Liquidity Risk Measurement and Management: A Practitioner's Guide to Global Best Practices</i>
SDM-129-14	The Impact of Capital Structure on Economic Capital and Risk Adjusted Performance
SDM-132-14	There's More to Life than Solvency II
SDM-133-14	Solvency II: Rainmakers and the Elements of Risk
SDM-141-15	Managing the Invisible: Identifying Value-Maximizing Combinations of Risk and Capital
SDM-145-16	A Comparison and Economic Analysis of International Solvency Regimes for Life Annuity Markets
SDM-147-16	Berkshire Hathaway 2014 Annual Report (pages 7-11 and 121)
SDM-149-16	Basel III: International Framework for Liquidity Risk Measurement, Standards and Monitoring
SDM-150-16	Liquidity Risk: Regulatory Framework and Impact on Management
SDM-151-16	Risk Appetite Frameworks: How to Spot the Genuine Article
SDM-152-16	Final Countdown to Solvency II
SDM-153-16	Exploring Risk Appetite and Risk Tolerance
SDM-165-16	CVA the wrong way
SDM-166-17	Global Insurance Capital Standards: Origin, Perspectives and Impact on U.S. Markets
SDM-167-17	Bagehot was a Shadow Banker: Shadow Banking, Central Banking, and the Future of Global Finance
SDM-168-17	Risk Management and the Rating Process for Insurance Companies
SDM-169-17	Quantifying Risk Exposures for Own Risk and Solvency Assessment Reports
SDM-171-17	Five Leadership Lessons from the BP Oil Spill

Code	Title
SDM-172-18	CFO Forum; Market Consistent Embedded Value Basis for Conclusions
SDM-173-18	2016 Embedded Value Results: Europe
SDM-174-18	An Introduction to Risk Assessment, Risk Capital and Risk Margins
SDM-175-18	Home and Heartache
SDM-176-18	Hoaxwagen. How the Massive Diesel Fraud Incinerated VW's Reputation—and will Hobble the Company for Years to Come
SDM-177-18	Porter's Five Forces: Strategy Skills
SDM-178-18	Chapter 10 from <i>Strategic Management: Concepts and Cases</i> , 12 th Edition