

EDUCATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

INTRODUCTORY STUDY NOTE

EXAM SESSION: FALL 2019

EXAM: GENERAL INSURANCE - FINANCIAL AND REGULATORY ENVIRONMENT – US

DATE and TIME: Thursday, October 31; 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 at: <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 reinsurance program 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, 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-req/resources/edu-sem-workshops.aspx> and <http://www.soa.org/education/exam-req/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, study notes and one other resource.

Textbooks:

- Porter, K., Editor, *Insurance Regulation*, The Institutes, 1st Edition, 2008
- *General Insurance Financial Reporting Topics*, Society of Actuaries, Fourth Edition, 2018

Study notes:

- FRE-100-19: "Government Provision of General Insurance"
- FRE-103-14: *Excerpts from Business Law for Insurance Professionals*, The Institutes, Institutes Custom Publishing, 1st edition, 2013 (booklet)
- FRE-104-17: "Usage Based Insurance and Telematics"
- FRE-105-19: "Tort Law - Topics for General Insurance Actuaries"
- FRE-106-18: "Captive Insurance"
- FRE-802-19: National Association of Insurance Commissioners (NAIC), *Accounting Practices and Procedures Manual*, 2018, Preamble

Other resource:

- Selected pages from the National Association of Insurance Commissioners, Official NAIC Annual Statement Blanks, Property and Casualty, for the 2017 reporting year.

Note: Candidates should study from a completed statutory Annual Statement for a company that makes it available online. Some online examples are given below. Note that you may need to view the published statements for more than one company to view all the pages indicated in the syllabus resources - some companies do not include all pages covered on the syllabus online.

Examples:

- Allstate (<https://www.allstate.com/about/statutory-statements.aspx> select 2017 Statutory Information, 2017 4th Quarter Statutory Information, AIC Annual Statutory Statement),
- Continental Casualty (www.cna.com, select Find Information About CNA \ Investor Relations \ Financial \ Statutory \ 2017 then click on the pdf link for the Insurance Regulatory Filing of Continental Casualty Company with an event date of 12/31/17.
- Hartford (<https://ir.thehartford.com/financial-information/statutory-statements/annual> select Annual, Hartford Fire Combined, 2017)
- Liberty Mutual (<https://www.libertymutualgroup.com> select Investor Relations, Financial Reports, then select 2017 for Year and Statutory Statements for Keywords, then select any of the companies listed)

Note that there are several changes in the syllabus resources for Fall 2019 from Spring 2019.

- Topic 1, *Excerpts from National Association of Insurance Commissioners, Accounting Practices and Procedures Manual* now uses the 2018 version;
 - Note that only the Preamble is now in the study note. The SSAPs for Topic 1 are included within Appendix IV of "Statements of Actuarial Opinion on Property and Casualty Loss Reserves," American Academy of Actuaries, Public Policy Practice Note, Casualty Practice Council's Committee on Property and Liability Financial Reporting which is in Topic 3. Also, SSAP 3 has been removed from the Topic 1 syllabus.
- Topic 3, "Statements of Actuarial Opinion on Property and Casualty Loss Reserves," American Academy of Actuaries, Public Policy Practice Note, Casualty Practice Council's Committee on Property and Liability Financial Reporting has been updated to the 2018 version;

- Topic 3, ISAP 1 and ISAP 1A have been replaced with the updated ISAP 1;
- Topic 4, Chapters 7, 9 and 10 from the textbook *Insurance Regulation*, Porter, K., The Institutes, 1st Edition, 2008 has been removed from the syllabus;
- Topic 4, “Code of Conduct for Insurers’ use of Credit Information (CODE),” Insurance Bureau of Canada has been removed from the syllabus; and
- Topic 5, Section 5.5 from study note FRE-105-19: “Tort Law – Topics for General Insurance Actuaries” has been removed from the syllabus.

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 is 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 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.