

# GH – Finance & Valuation U.S. Exam

Fall 2022

## Important Exam Information:

### [Exam Registration](#)

Candidates may register online or with an application.

### [Order Study Notes](#)

Study notes are part of the required syllabus and are not available electronically but may be purchased through the online store.

### Syllabus Readings

Readings listed in this syllabus may include study notes, online readings and textbooks. Candidates are responsible for all readings in their entirety, including sections such as Appendices, unless it is stated otherwise in the syllabus.

### [Introductory Study Note](#)

The Introductory Study Note has a complete listing of all study notes as well as errata and other important information.

### Case Study

A case study will not be provided for this examination.

### [Past Exams](#)

Past Exams from 2000-present are available on SOA website.

### [Updates](#)

Candidates should be sure to check the Updates page on the exam home page periodically for additional corrections or notices.

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**1. Topic: Reserving**

**Learning Objectives**

The candidate will understand and apply valuation principles for insurance contracts.

**Learning Outcomes**

The Candidate will be able to:

- a) Describe the types of claim reserves (e.g., due and unpaid, ICOS, IBNR, LAE, PVANYD)
- b) Explain the limitations and biases of the traditional valuation methods
- c) Calculate appropriate claim reserves given data
- d) Reflect environmental factors in reserve calculations (trend, seasonality, claims processing changes, etc.)
- e) Evaluate data resources and appropriateness for calculating reserves
- f) Describe, calculate and evaluate non-claim reserves and explain when each is required
- g) Apply applicable standards of practice related to reserving

**Resources**

- *Group Insurance*, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021
  - Ch. 39: Claim Reserves for Short-Term Benefits
  - Ch. 40: Claim Reserves for Long-Term Benefits
- *Individual Health Insurance*, Bluhm, William and Leida, Hans, 2<sup>nd</sup> Edition, 2015
  - Ch. 6: Reserves and Liabilities
  - Ch. 8: Forecasting and Modeling
- GHFV-103-16: Health Reserves
- GHFV-114-19: Canadian Institute of Actuaries Standards of Practice—Insurance, Feb 2018, sections 2120 and 2300 (excluding sections 2320.33-2320.37, 2340, 2350.10 to 2350.14, 2350.19-2350.27, 2350.41-2350.45, 2360 & 2370)
- [ASOP 5: Incurred Health and Disability Claims](#) (excluding Appendices)
- [ASOP 7: Analysis of Life, Health or Property/Casualty Insurer Cash Flows](#) (excluding Appendices)
- [ASOP 22: Statement of Opinion Based on Asset Adequacy Analysis by Actuaries for Life or Health Insurers](#) (excluding Appendices)
- [ASOP 23: Data Quality](#) (excluding Appendices)
- [ASOP 41: Actuarial Communications](#) (excluding Appendices)
- [ASOP 42: Health and Disability Actuarial Assets and Liabilities Other than Liabilities for Incurred Claims](#) (excluding Appendices)
- [CIA Educational Note - Valuation of Group Life and Health Policy Liabilities](#), sections 6-12 and Appendices C & D

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- [AAA Premium Deficiency Reserves Discussion Reports](#), Mar 2007
- [Read. Think. Write.](#), Health Section News, Oct 2004
- [Claim Reserve Model–How Actuaries Rely Upon the Claim Data They Receive](#), Long Term Care News, Sep 2008

<b>2. Topic: Actuarial Appraisal</b>
<b>Learning Objectives</b>
The candidate will understand an actuarial appraisal.
<b>Learning Outcomes</b>
The Candidate will be able to: <ul style="list-style-type: none"><li>a) Differentiate the components of an actuarial appraisal versus an embedded value</li><li>b) Describe an approach for preparing an actuarial appraisal</li><li>c) Describe risks associated with interpreting an actuarial appraisal and an embedded value</li><li>d) Differentiate traditional, European, and market-consistent embedded value</li><li>e) Describe the actuarial due diligence process</li><li>f) Calculate an embedded value</li><li>g) Apply applicable Actuarial Standards of Practice</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• GHFV-130-19: Ch. 4 of <i>Insurance Industry Mergers and Acquisitions</i>, Toole and Herget, sections 4.1-4.5 &amp; 4.7-4.8</li><li>• GHFV-131-19: Ch. 5 of <i>Insurance Industry Mergers and Acquisitions</i>, Toole and Herget, sections 5.1-5.2, 5.5 &amp; 5.6.1-5.6.2</li><li>• GHFV-132-20: 2018 Embedded Value Report for Manulife’s Insurance Businesses</li><li>• GHFV-133-19: Simple Embedded Value example</li><li>• <a href="#">ASOP 19: Appraisals of Casualty, Health and Life Insurance Businesses</a> (excluding Appendices)</li><li>• <a href="#">Embedded Value: Practice and Theory</a></li></ul>

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<b>3. Topic: Government Programs</b>
<b>Learning Objectives</b>
The candidate will understand how to describe and evaluate government programs providing health and disability benefits in the U.S.
<b>Learning Outcomes</b>
The Candidate will be able to: <ul style="list-style-type: none"><li>a) Describe Medicare benefits and evaluate pricing and filing</li><li>b) Describe Medicaid program structure and benefits and evaluate pricing and filing</li><li>c) Describe Social Security disability income benefits</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <i>Group Insurance</i>, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021<ul style="list-style-type: none"><li>○ Ch. 9: Government Health Plans in the United States</li></ul></li><li>• GHFV-800-21: AAA Issue Brief: Medicare’s Financial Condition, Beyond Actuarial Balance</li><li>• GHFV-812-16: Medicaid A Primer, pp. 1-33</li><li>• GHFV-813-16: Medicaid and Long Term Services and Supports, pp. 1-10</li><li>• GHFV-817-20: Section 1115 Medicaid Demonstration Waivers (excluding Appendix B)</li><li>• GHFV-824-19: Ch. 24 of <i>Essentials of Managed Healthcare</i>, Kongstvedt, 6<sup>th</sup> Edition, 2013, pp. 499-513</li><li>• GHFV-825-21: Medicare Part D Prescription Drug Benefits</li><li>• GHFV-828-20: The Effects of Medicaid Expansion under the ACA: Updated Findings from a Literature Review</li><li>• GHFV-829-21: Medicare Advantage: Eight Critical Considerations for Every Organization as ESRD Eligibility Expands in 2021</li><li>• <a href="#">ASOP 49: Medicaid Managed Care Capitation Rate Development and Certification</a>, pp. 1-12</li><li>• <a href="#">Payment Reform Under the Medicare-Medicaid Financial Alignment Demonstrations</a>, Health Watch, May 2013</li><li>• <a href="#">Risk Adjustment in State Medicaid Programs</a>, Health Watch, Jan 2008</li><li>• <a href="#">Medicare Advantage Experience Data: Pitfalls and Concerns Beyond ASOP #23</a>, Health Watch, Feb 2019</li><li>• <a href="#">Medicare Advantage: Changes and Updates to Enhanced Benefits</a>, Health Watch, Feb 2019</li><li>• <a href="#">New Contract Medicare Star Ratings: Why the Sudden Cliff?</a>, Health Watch, Dec 2019 (excluding Appendix C)</li><li>• <a href="#">Medicare Part D Settlements – A Primer</a>, Health Watch, Jun 2019</li></ul>

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<b>4. Topic: Financial Statements</b>
<b>Learning Objectives</b>
The candidate will understand how to prepare and be able to interpret insurance company financial statements in accordance with U.S. statutory principles and GAAP.
<b>Learning Outcomes</b>
The Candidate will be able to: <ul style="list-style-type: none"><li>a) Prepare financial statement entries in accordance with generally accepted accounting principles</li><li>b) Interpret the results of both statutory and GAAP statements from the viewpoint of various stakeholders, including regulators, senior management, investors</li><li>c) Project financial outcomes and recommend a strategy</li><li>d) Apply applicable standards of practice</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <i>Group Insurance</i>, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021<ul style="list-style-type: none"><li>○ Ch. 43: Analysis of Financial and Operational Performance</li></ul></li><li>• GHFV-109-19: Health Insurance Accounting Basics for Actuaries (excluding Ch. 1 &amp; section 2.2)</li><li>• GHFV-818-18: Revised Actuarial Statement of Opinion Instructions for the NAIC Health Annual Statement</li><li>• GHFV-819-18: Practices for Preparing Health Contract Reserves</li><li>• <a href="#">ASOP 21: Responding to or Assisting Auditors or Examiners in Connection with Financial Statements for All Practice Areas</a> (excluding Appendices)</li><li>• <a href="#">ASOP 28: Statements of Actuarial Opinion Regarding Health Insurance Liabilities and Assets</a> (excluding Appendices)</li></ul>

## 5. Topic: Regulation & Taxation

### Learning Objectives

The candidate will understand how to evaluate the impact of regulation and taxation on companies and plan sponsors in the US.

### Learning Outcomes

The Candidate will be able to:

- a) Describe the regulatory and policy making process in the US
- b) Describe the major applicable laws and regulations and evaluate their impact
- c) Apply applicable standards of practice

### Resources

- *Group Insurance*, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021
  - Ch. 4: Health Policy and Group Insurance
  - Ch. 15: Principles of Health Insurance Regulation
  - Ch. 16: State Regulation in the United States
  - Ch. 17: Federal Regulation in the United States
  - Ch. 19: The Affordable Care Act
  - Ch. 27: Group Insurance Rate Filings and Certifications
- GHFV-802-13: AAA Health Reform Implementation: Understanding the Terminology
- GHFV-821-18: Employer Guide for Compliance with the Mental Health Parity and Addiction Equity Act, pp. 1-19
- GHFV-823-20: Recent Policy Changes: The Affordable Care Act
- GHFV-827-19: Ch. 25 of *The Handbook of Employee Benefits*, Rosenbloom, 7<sup>th</sup> Edition, pp. 699-720
- GHFV-830-21: A Hard Pill to Swallow: Appreciating the Mathematical Dynamics of the Affordable Care Act
- [ASOP 8: Regulatory Filings for Health Benefits Accident and Health Insurance, and Entities Providing Health Benefits](#) (excluding Appendices)
- [ASOP 26: Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans](#) (excluding Appendices)
- [ASOP 50: Determining Minimum Value and Actuarial Value Under the Affordable Care Act](#) (excluding Appendix 2)
- [ACA Risk Adjustment - A Critical Element in Assuring Market Stability and Affordability](#), The Actuary Magazine, Oct 2016

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**6. Topic: Retiree Benefits**

**Learning Objectives**

The candidate will understand how to evaluate retiree group and life benefits in the United States.

**Learning Outcomes**

The Candidate will be able to:

- a) Describe why employers offer retiree group and life benefits
- b) Determine appropriate baseline assumptions for benefits and population
- c) Determine employer liabilities for retiree benefits under US GAAP
- d) Describe funding alternatives for retiree benefits
- e) Apply actuarial standards of practice to retiree benefit plans

**Resources**

- *Group Insurance*, Skwire, Daniel D., 8<sup>th</sup> Edition, 2021
  - Ch. 8: Retiree Group Benefits, pp. 120-131
- GHFV-816-16: US Employers' Accounting of Postretirement Benefits Other Than Pensions Study Note
- [ASOP 6: Measuring Retiree Group Benefit Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions](#) (excluding Appendices)
- [Statement of Financial Accounting Standards No. 106](#) (Illustrations 4 & 5 of Appendix C only)