

ERM Case Study

Introduction and Recommendations

This case study presents information for six companies:

- Lyon Corporation (a holding company);
- Simple Life (a life insurance company);
- AHA Health (a health insurance company);
- Eureka Health (a health insurance company);
- Pryde P&C (a general, that is, property and casualty, insurance company);
- Helios (a non-US insurance company).

When you register for the ERM exam, you will select from one of six reading extensions. Information presented in this case study will be used in questions appearing on the one-hour extension-specific portion of the ERM exam. Please note that for those who are pursuing an FSA, the extension selected for this exam need not match the track selected for fellowship.

You are encouraged to read this case study in conjunction with the recommended study materials. This will help you become familiar with the information that is provided in this case study and assist you in putting syllabus readings in context. The case study should be read critically, with the understanding that it is meant to represent a hypothetical organization with some good policies and some flaws; it is not a representation of best practices.

All candidates are encouraged to read through the entire case study to gain an overview of the corporation, but, in particular, all candidates are responsible for the material in Section 1 of the case study.

In addition to Section 1:

- (a) Candidates who elect the Individual Life and Annuities Extension will answer questions based on Section 3. Simple Life Insurance Company, excluding the details of Section 3.14;
- (b) Candidates who elect the Group and Health Extension will answer questions based on Section 4. Health Insurance Companies, excluding the details of Section **4.16**;
- (c) Candidates who elect the General Insurance Extension will answer questions based on Section 5. Pryde Property & Casualty;
- (d) Candidates who elect the Retirement Benefits Extension will answer questions based on information about the pension plans sponsored by Simple Life and AHA Health, specifically Sections 3.14, **4.15.3**, and **4.16** (but such candidates should review all of Sections 3 and 4 to understand how the pension plans fit within the companies);
- (e) Candidates who elect the Investment Extension will answer questions based on investment information for Simple Life and the pension plans sponsored by Simple Life and AHA Health, specifically Sections 3.11 through 3.14 and Section **4.16** (but such