

EDUCATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

INTRODUCTORY STUDY NOTE

EXAM SESSION: SPRING 2015

EXAM: GENERAL INSURANCE - FINANCIAL AND REGULATORY ENVIRONMENT – US

DATE and TIME: Thursday, April 30; 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-reg/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-reg/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, 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-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

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, Second Edition, 2015

The Second Edition of the *General Insurance Financial Reporting Topics* textbook has been re-organized grouping related chapters (referred to as parts in the first edition) into four major parts. The new structure is as follows:

Part 1: Insurance Accounting, includes Chapters 1 to 4 which corresponds to Parts 1, 2, 3 and 5 respectively in the first edition.

Part 2: U.S. Statutory Accounting, includes Chapters 5 to 8 which corresponds to Parts 4, 6, 7 and 9 respectively in the first edition.

Part 3: General Insurance Financial Health Topics, includes Chapters 9 to 13 which corresponds to Parts 8, 10, 11, 12 and 13 respectively in the first edition.

Part 4: Other Financial Reporting Topics, includes Chapters 14 and 15 which corresponds to Parts 14 and 15 respectively in the first edition.

While the most of the Chapters in the second edition are identical (or nearly identical) to the corresponding Parts in the first edition, there are some exceptions.

- In the first edition, Part 11 was a placeholder directing candidates to read the NAIC IRIS Manual that was included in the study notes. This edition contains a new Chapter 11: Measuring Insurer Financial Strength. The NAIC IRIS Manual is no longer a required reading for the Society of Actuaries' Financial and Regulatory Environment exam.
- Chapters 10 and 13 in the second edition are substantially revised from Parts 10 and 13 in the first edition.

Study notes:

- FRE-100-14: "Government Provision of General Insurance"
- FRE-101-14: "Tort Issues for General Insurance Actuaries"
- FRE-103-14: *Excerpts from Business Law for Insurance Professionals*, The Institutes, Institutes Custom Publishing, 1st edition, 2013 (booklet)
- FRE-104-14: "Usage Based Insurance and Telematics"
- FRE-801-15*: Excerpts from National Association of Insurance Commissioners, Accounting Practices and Procedures Manual, 2013

Other resource:

- Selected pages from the National Association of Insurance Commissioners, Official 2013 NAIC Annual Statement Blanks, Property and Casualty, individual and consolidated basis.
Note: Candidates should study from a completed statutory Annual Statement for a company that makes it available online. Links the 2013 Annual Statement may refer to the Statutory Annual Statement, Annual Statutory Statement or Statutory Statement.

Examples:

- Allstate (<http://www.allstate.com/about/statutory-statements.aspx#2008>),

- AIG (http://www.aig.com/financial-reports_3171_451485.html),
- Hanover (<http://www.hanover.com/investors/yellowbook.html>),
- Hartford (<http://ir.thehartford.com/phoenix.zhtml?c=108754&p=irol-reportsannual>), and
- Liberty Mutual
(<http://www.libertymutualgroup.com/omapps/ContentServer?pagename=LMDGroup/Views/LMG&ft=4&fid=1138356795162&ln=en>)

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-reg/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.