



**Institute of Actuaries of India**

**Subject**  
**SA3 – General Insurance**

**For 2017 Examinations**

## **Aim**

The aim of the General Insurance Specialist Applications subject is to instill in successful candidates the ability to apply knowledge of the Indian general insurance environment and the principles of actuarial practice to providers of general insurance in the India and the awareness of regulatory developments in the principal general insurance markets of the world like UK, Europe, and USA.

## **Link to other subjects**

Subject ST7 — General Insurance — Reserving and Capital Modelling Specialist Technical provides the underlying principles of reserving and capital modelling techniques in general insurance upon which this subject is based. It is assumed that candidates have a good understanding of the principles covered in this Subject.

Subject ST8 — General Insurance — Pricing Specialist Technical provides the underlying principles of premium rating techniques in general insurance upon which this subject is based. It is assumed that candidates have a good understanding of the principles covered in this Subject.

Candidates can expect to be examined in aspects of general principles developed in Subjects ST7 and ST8 as well as the further aspects of general principles, and also India specific aspects, developed in this subject.

## **Objectives**

On completion of this subject, the successful candidates will be able to:

- (a) Define the principal terms in use in general insurance in the India (Glossary)
- (b) Describe the principal regulatory and supervisory requirements that affect general insurers established in India and describe the current status and expected future development of Solvency 2 in Europe and the general regulatory environment in the US.
- (c) Describe the requirements of the professional guidance and other guidance material issued by IRDAI relevant to actuaries practicing in or advising Indian general insurance companies
- (d) (i) Understand the particular considerations to be borne in mind when pricing large commercial risks  
(ii) Describe alternative approaches to rating such risks
- (e) Determine appropriate bases for valuing the insurance assets, liabilities and solvency of an Indian general insurer in order to produce:
  - (i) Quarterly solvency margin reports (Forms IRDAI-GI-TA, FORM IRDAI-GI-TR, FORM IRDAI-GI-SM 1A and 1B)
  - (ii) Taxation accounts
  - (iii) Annual Financial Condition Report
  - (iv) Annual Appointed Actuary's IBNR Report
  - (v) Calculation of Economic Capital
- (f) (i) Understand the different reserving techniques detailed in IRDA's IBNR manual and appropriateness of the techniques by line of business  
(ii) Describe alternative approaches to reserving commonly used in UK and US markets  
(iii) Understand the claims experience of the India Motor Third Party Pool and methods that may be used for reserving for bodily injury claims
- (g) (i) Analyze the financial planning requirements of a general insurer and develop appropriate strategies  
(ii) Develop appropriate models for the purpose of financial planning to enable a general insurer to develop and monitor its strategic objectives at either the corporate or product level (Chapter 11)  
(iii) Understand the Economic Capital requirements prescribed by IRDA vide circular No IRDA/ACT/NL/CIR/EC/2010-11

(h) Understand the basic concepts of ruin theory and its practical uses in a general insurance environment as covered in CT6

(i) Solve complex problems and analyze complex issues associated with:

- product design
  - product pricing
  - reserving for unexpired risks
  - reserving for outstanding claims
  - valuation of assets and liabilities
  - reinsurance arrangements
  - investment policy
  - asset adequacy
  - long-term financial control
  - capital modeling
- and hence draw reasoned conclusions in relation to:
- risks undertaken
  - the requirement for capital
  - the return on capital

## **End of Syllabus**

### **Study material for subject SA3**

A Reading Material by Actuarial Education Co:

For the March and September 2017 examinations, ActEd Study Materials: 2017 Examinations Subject SA3

Substitute with Indian market landscape – number of companies, PSU vs Private, market share, performances etc. Source: IRDAI Annual reports, handbooks of statistics. IRDAI quarterly statistical supplements.

#### **Chapter 3: Taxation**

Substitute with Indian market – Tax on general insurance

References: Section 44 of Income Tax Act

First Schedule B

Income Tax Rules: Rule 6E

#### **Chapter 4: Legislation**

Substitute with IRDA Acts and regulations applicable for general insurance available at

<http://www.irdai.gov.in>

#### **Chapter 5: Professional Guidance**

Substitute with:

- APS 21 issued by IAI
- Professional Conducts Standard (PCS) issued by IAI
- IBNR manual published by IRDAI
- File and use circulars issued by IRDAI

For all chapters in ActEd Study Materials: 2017 Examinations Subject SA3

, where ever relevant, candidates should refer ST7 and ST8 ActEd course material to supplement ideas developed / presented.

### **B India specific reading material for Indian legislations**

(i) IRDA (Appointed Actuary) Regulations, 2000

(ii) IRDA (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2016

(iii) IRDA (General Insurance - Reinsurance) Regulations, 2016

(iv) IRDA (Obligations of Insurers to Rural Social Sectors) Regulations, 2015

- (v) IRDA (Protection of Policyholders' Interests) Regulations 2002
- (vi) IRDA (Protection of Policyholders' Interests) (Amendment) Regulations 2002 and Modified IRDA (Protection of Policyholders' Interests) Regulations 2014
- (vii) IRDAI (Appointment of Insurance Agents) Regulations, 2016
- (viii) IRDA (Insurance Advertisements and Disclosure) (Amendment) Regulations, 2010
- (ix) IRDAI (Registration of Indian Insurance Companies) Regulations, Eighth Amendment, 2016
- (x) IRDA ( Insurance Brokers ) Regulations, 2013 and IRDA (Web Aggregators) Regulations 2013
- (xi) IRDA(Registration of Corporate Agents) Regulations, 2015 and
- (xii) Redressal of Public Grievances Rules, 1998
- (xiii) The Insurance Laws (Amendment) Act 2015 and The Insurance Act 1938
- (xiv) IBNR calculation manual [http://www.irdaindia.org/ibnr\\_manual08.pdf](http://www.irdaindia.org/ibnr_manual08.pdf)
- (xv) Circular dated 13th August 2009 about 'Role of Appointed Actuaries'
- (xvi) IRDA File and Use circular main document and related circulars
- (xvii) IRDA's Economic Capital circular No IRDA/ACT/NL/CIR/EC/2010-11
- (xviii) IRDA's Financial Condition Report circular No IRDA/ACTL/CIR/MISC/153/07/2014
- (xix) IRDA's General Insurance Comprehensive Procedure on Claims reserving regulations 2012 – Exposure draft
- (xx) IRDA's Asset Liability Management and Stress Testing circular no IRDA/ACTL/CIR/ALM/006/01/2012
- (xxi) IRDAI (Investment) Regulation 2016
- (xxii) IRDAI (Obligation of Insurer in respect of Motor Third Party Insurance)
- (xxiii) IRDAI (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations 2016
- (xxiv) IRDAI (Other Forms of Capital) Regulations 2015
- (xxv) IRDAI (Lloyds's India) Regulations 2016

### **Further reading**

As suggested in the Chapter 17 of the ActEd study material. Candidates are expected to read as much as they can on the general insurance principles and techniques. Some reading materials which are specific to countries other than India may be omitted. Other reading materials are relevant for the IAI SA3 exam in a similar way they are for the IoA, UK SA3 exams.

Principal regulatory and supervisory requirements that affect general insurers (including Lloyds) established in the U.K, U.S. and Europe under the current insurance regulations (including Solvency II regulations)

## **End of Syllabus**