



Subject F211
Health and Care Practice Module
Syllabus
For the 2012 Examinations

October 2011

**Actuarial Society of South Africa: Subject F211 Health and Care Practice Module (RSA)
Syllabus**

Aim

The aim of this module is to provide a knowledge of South African business practice, regulation, legislation and professional guidance notes relevant to the work of an actuary practising in Health and Care in South Africa.

The Core Reading for the Health and Care Applications part of this module is contained within the Core Reading for Subject F201) — Health and Care Fellowship Applications. There is separate Core Reading for the generic part of this module.

Part A: Generic

1. Know and understand the purpose and structure of South African financial services industry and regulations.
2. Know and understand the FSB's regulatory powers and their impact upon firms and individuals, including how the FSB's rules affect the control structures of firms and their relationship with the FSB and its approach to ethical conduct by firms and individuals.
3. Identify key organisations, institutions and people in the industry and the roles they play in the provision of financial services products.
4. Know and understand the role of the main consumer protection bodies in South African financial services.
5. Explain what is meant by advice, including monitoring and review arrangements, and state the rules that apply to the different types of advice.
6. Know and apply the basic principles of business ethics and integrity.
7. Know and understand the requirements of the major codes of practice relevant to retail financial services.
8. Know and understand the nature of business fees and commission.
9. Know and understand the rules, regulations and procedures relating to the handling of client money.
10. Apply the main requirements of anti money laundering regulations and the laws of agency and contract in dealing with customers.
11. Know and understand the various complaints handling systems available in South Africa.
12. Know and understand the main features of FAIS legislation.

**Actuarial Society of South Africa: Subject F211 Health and Care Practice Module (RSA)
Syllabus**

13. Understand the concepts and principles underpinning insurance contracts.
14. Know and understand the FSB's requirements relating to market abuse.
15. Know and apply the principles of asset ownership to retail financial services.
16. Know and understand the importance of financial planning and describe the factors that affect financial needs throughout life.
17. Understand and apply the principles and concepts of risk associated with financial planning.
18. Know and understand the affirmative action and employment equity requirements in South Africa.
18. Be aware of the purpose and extent of the professional guidance for actuaries.

Part B: Health and Care Applications

- (a) Define the principal terms used in Health and Care provision in South Africa.
- (b) Analyse the main types of South African Health and Care products in terms of:
 - Higher order customer need considerations
 - Interplay with State provisions
 - Higher order insurer risk considerations
 - Demographic issues
 - Consultant suggests the following contract ...
 - Equity with balance of portfolio
 - Cross-selling
 - Potential issues in the Stakeholder environment
 - Bundling and unbundling
 - Demarcation of medical scheme and insurance business
 - Income-based products
 - Impact of HIV/AIDS
- (c) Understand the key operating issues for a South African Health and Care risk taker
 - is a product bought or sold?
 - Methods of sale in South Africa

Actuarial Society of South Africa: Subject F211 Health and Care Practice Module (RSA)
Syllabus

- Underwriting bases
- Assessment of associated risks
- External influences e.g. emergence of new diseases, improvements in medical science
- Genetic testing issues
- Misselling
- Monitoring the impact of PRE
- Evaluating post-retirement benefit obligations

(d) Understand the legal, taxation and regulatory framework applicable to South African Health and Care insurance.

- Taxation on insurance products
- Taxation of medical schemes
- Taxation of funding vehicles
- Supervision requirements (FSB, Council for Medical Schemes)
- Capital requirements
- Transfer of liabilities
- Fair valuation accounting implications for Health and Care
- Designing remuneration to suit the regulatory framework

(e) Describe the requirements of the professional guidance relevant to actuaries practising in or advising South African Health and Care operations.

- Guidance notes
- Financial condition reports
- Interactions with other professional bodies

(f) Understand how to design and price Health and Care insurance products to be sold by South African risk takers, having regard to:

- the choice of policy conditions, their definition and relative importance.
- Capital requirements and return on capital
- Management of the risks
- Underwriting guidelines
- Reinsurance requirements
- Investment policy
- Policy conditions such as self retention limits
- The renewal process and options
- Expenses
- Legal restrictions on underwriting
- Impact of HIV on product design and pricing

(g) Understand the principles and practices in specific areas of valuations and evaluations:

- assessing the market for launch of Health and Care product or company
- assessing a Health and Care company or portfolio for takeover
- assessing Health and Care delivery systems in other countries for products and sales

**Actuarial Society of South Africa: Subject F211 Health and Care Practice Module (RSA)
Syllabus**

- contribution to surplus
 - projecting solvency
 - managing capital
 - assessing the post-retirement medical liability
- (h) Evaluate the uses and benefits of reinsurance support in Health and Care insurance
- control of individual risks
 - control of aggregation of risks
 - control of portfolio risks
 - financing new business strain
 - technical assistance in product development and data provision
 - risk management assistance
 - reinsurance impact on the solvency of the direct risk-taker
 - regulatory requirements in respect of reinsurance
- (i) Analyse the asset-liability matching requirements of a South African Health and Care risk taker and develop appropriate strategies within regulatory constraints.
- (j) With reference to the Actuarial Control Cycle, carry out an analysis of the experience of a Health and Care insurer in the following areas:
- claims and exposure
 - portfolio analysis
 - analysis of movements
 - expenses
 - persistency and profitability by source
 - effect of early claims, non-disclosure and anti-selection
 - impact of economic conditions on claims experience
- (k) Develop appropriate recommendations for the strategic phase of the Actuarial Control Cycle
- Interactions between benefit options
 - implications of abandoning product or benefit option
 - Changing policy conditions for existing contracts
 - Changing policy premium terms
 - Changing policy benefits
 - Improving the risk environment (e.g. changing employer attitudes to health of workforce)
 - Analysing degree of change in actuarial assumptions
 - Changing remuneration structures
 - Changing underwriting information and procedures
 - Changing claims information and procedures
 - Changing investment policy and/or managers
 - Changing IT structures
 - Changing office personnel and competence balance (administration services)

Actuarial Society of South Africa: Subject F211 Health and Care Practice Module (RSA)
Syllabus

- Introducing new products
- Tax and legal implications of the above
- Reinsurance implications of the above

(l) Understand the practical and cultural implications of wider Health and Care provision in South Africa

- The South African Health and Care environment and market place
- Changing industry requirements
- The impact of HIV/AIDS
- The role of the State in the provision of Health and Care benefits
- The role of the actuary
- Medical advances – their implications
- Growing claims consciousness
- Means testing emphasising the need for access to health insurance
- Outcome measures for successful health care delivery
- Lessons from abroad in State systems and insurance innovation
- QALIs (quality of active life indicators)
- Genetics
- Equality and discrimination legislation

(m) Solve complex problems and analyse complex issues associated with:

- product design
- product pricing
- multi-state decrements
- reserving for outstanding claims
- valuation of assets and liabilities
- reinsurance arrangements
- investment policy
- asset adequacy
- long-term financial control
- pricing with data scarcity

and hence draw reasoned conclusions in relation to:

- risks undertaken
- the requirement for capital
- the return on capital

(n) Produce coherent advice and recommendations for the overall financial management of a health and care insurance company.

- Analyse more complex problems in terms of actuarial, economic and financial factors to a level where appropriate analytical techniques may be used.
- Integrate the results of such an analysis into a coherent whole, and

**Actuarial Society of South Africa: Subject F211 Health and Care Practice Module (RSA)
Syllabus**

- Evaluate critically and interpret the results in a wider context and draw appropriate conclusions.

End of Syllabus