Subject F203 — *General Insurance*
Specialist Applications
19 May 2016
MEMORANDUM

QUESTION 1

(i) *Examiners' notes: This was a fairly straightforward knowledge question. Better candidates mentioned the longer delay on inwards reinsurance and made their answer relevant to company in question. Overall this question was well answered.*

The below list shows a list of relevant points that could have been made under each class and far exceeds the marks available for this question.

Liability Claims

- Liability claims tend to be long-tailed, ie claims may take many years to be notified.
- The way policies have been written affects the development profile of the risk. This could be on a claims made vs. losses occurring
- Case estimates are often highly uncertain.
- Uncertainty in respect of reported losses relates to the existence of liability as well as its quantification
- Settlement can be a lengthy process involving legal action, particularly for claims of significant magnitude
- Claims are heavily affected by legislative changes. There may be issues that lead to claims purely on this basis.
- Claims are heavily affected by inflation, including general, wage and court award type of inflation
- The outcome of the settlement process might be that the insurer is not liable for the claim, e.g. because it is not covered by the policy, or because the final claim is below the excess point of the layer.
- However, the insurer would likely incur legal and other costs in handling some of the claims received, even if no indemnity is ultimately payable.
- Could be subject to claims re-opening.
- Latent claims can be an issue, with claims often not noticed for a while.
- Payment characteristics – could be of a periodic / lump sum nature

Accident and Health

- Claims arise from sudden and determinable events
- Notification delays are usually short apart from events happening in other countries/remote locations
- Benefits are usually paid as fixed benefit, quantum thereof depending on type of injury
- Depending on perils covered there may be a large number of small claims and small number of large claims
- Many claims likely to be impacted by reinsurance arrangements
- There can be accumulation of claims e.g. for aviation crashes
- Cover written with exclusions: Terrorism/ Nuclear Chemical and Biological

Credit Guarantee Insurance

- Usually the cover protects the accounts receivable from loss due to credit risks such as protracted default, insolvency and bankruptcy
- The business is short-tail in that pure IBNR is generally fully-run-off within 18 to 21 months. Salvages on the business could take slightly longer with up to 60 months delays
- Credit insurance has a very close relationship with the economic conditions. Ultimate claim payments will be linked to economic indicators. Example of indicators include:
    - Interest rate
    - Liquidations
    - Insolvencies
    - Inflation index
    - Commodity prices (eg steel, oil)
    - Exchange rate
    - Economic Growth

Further considerations

- Proportional covers will have similar characteristics to the underlying class
- Higher layer Non proportional covers i.e. non-working layers could have much longer tail as claim payments are likely to be subject to court rulings
- Notification delay will be longer with inwards reinsurance business as:
- Firstly there will be a dependency on the cedant to report claims to the reinsurer
- Secondly because of the process (ie Quarterly accounts sent to RI Brokers onto reinsurers)
- Cash loss notifications will have similar delays to normal business
- For classes of business written on international basis - claims characteristics would very much depend on local applicable regulations eg bodily injury in UK is much longer tail and is insured by insurers vs. provided by state cover
- For international business, actuary will need to take into consideration local economic circumstances

(ii) *Examiners' notes: This question was poorly answered with most candidates not listing the standard components found in an insurance entity's standard governance policies. Another point to mention is that candidates give much greater information than what is required for a "list" type question thereby wasting time.*

- Market risk related policy framework
- Business requirements
- Regulatory requirements
- Definition and sources of ALM risk
- ALM risk philosophy
- Risk appetite
- ALM Risk Management Framework
- Investment Mandates and risk limits
- ALM operational policies
- Risk identification, measurement, monitoring and reporting
- Performance measurement
- Proportionality (In a SAM context)
- ALM Governance Framework
- Governance of the document

(iii) *Examiners' notes: Majority of the candidates gave the standard principles on asset liability matching ie matching by Nature, Uncertainty, Term and Currency. Many candidates repeated the liability characteristics mentioned in Question (1) for which no marks were repeatedly given.*

Some candidates described the modelling required to match the assets and liabilities, this was however not required from the question.

Almost none of the candidates mentioned the solvency regime considerations

- The basic investment principle of a general insurer is to maximise investment return, subject to acceptable risk of not meeting all contractual obligations and recognising the uncertainties involved.
- The nature, term, variability and currency of the liabilities should be considered while preparing the investment guidelines. Assets should be chosen which are appropriate for the liabilities.
- Take into account the contribution of each of the lines of business and apply the correct investment strategy to each. For example, Accident and Health, and Credit Guarantee is shorter tailed compared to Liability claims, therefore I would expect a greater proportion of cash to back the liabilities of these classes.
- The assets backing the liability class should be held in assets of matching terms and which provide protection from the types of inflation affecting the class.
- The uncertainty underlying the claims and the need to allow for payment of claims before recovering from reinsurers means that insurers need a high level of marketability and liquidity for many of their assets
- If the insurer has large free reserves the organisation can adopt a more risky investment policy in pursuit of higher returns......
- ... This might involve more volatile assets, fewer "secure assets", and some mismatching by term, nature and/or currency.

Need to consider the following when designing strategy:

- Any statutory minimum? Maximum?
- Funds held with brokers, agents, policyholders and reinsurers are not available for investment.....
- There may be regulations in place about certain aspects of investment which should be considered, including:
- Admissibility of assets
- Restriction on the proportion of certain types of assets Custodianship of assets
- Prescription to hold certain assets

Solvency Regime Considerations:

An optimal asset mix under the solvency regime could aim to stabilise or minimise the SCR whilst remaining consistent with the prudent person principle. This could be achieved by matching assets and liabilities as closely as possible considering that both assets and liabilities are shocked in the market risk module of the formula.

For example, a good ALM should provide protections against changes in the level and shape of the yield curve and help minimise risk capital associated with the interest rate risk element of the solvency capital calculation at a point in time.

A good ALM should consider not only a good match between the duration of assets and that of the liabilities, it should also aim to have a good match by currency between assets and liabilities as the discounting of liabilities is based on the yield curves relevant to the currencies in which the liabilities are recorded which would impact the capital charge for interest rate risk but, more importantly, a good ALM would reduce the capital charge for currency risk.

Business strategy will also need to consider the implications of various investment choices for free assets. Free assets generally tend to be invested in a more liberal fashion than assets supporting technical provisions. This enables undertakings to seek out higher expected rates of return on these assets, whilst recognising that relatively stable, lower yielding asset classes provide a better level of solvency protection. However, under the regulatory regime this may come at a direct cost to the level of solvency capital requirements, especially under the standard formula approach.

Expected returns and risk exposure should be weighed-up against capital charges for various assets. For example, high-quality bonds result in low capital charges under the solvency regime but the higher expected yields on lower-quality bonds may provide sufficient compensation to undertakings to consider investment in such assets, after allowing for the cost of capital

Optimal investment of assets, in particular capital market instruments, might be counter to the liquidity needs of the organisation. This could occur if the investments are illiquid (or at risk of becoming illiquid), such as may be the case with property/real-estate investments. If the undertaking invests in assets carrying high transaction costs (for example unquoted debt or equity instruments) then this can incur unnecessary expense if such investments need to be liquidated.

(iv) *Examiners' notes: This question tested the higher order commercial thinking of candidates. Better candidates planned this question well by first stating the effects on the investment landscape and then relaying this information to the answers given in Question (i) and Question (iii).*

In Part (b) marks were also given for candidates who mentioned that Credit Guarantee business volume might increase following the downgrade as companies are now looking to rather insure their creditor exposure risk.

Part (a)

Sovereign downgrade will lead to capital outflows, currency depreciation and further rises in current account deficits driven by foreign borrowing costs. This in turn would force large sales of bond holdings as Junk bonds could not be held by investors with strict investment grade criteria.

This selling of bonds likely to have an effect on the rates of return offered by equities and bonds. Bond yields will be adjusted upwards to cater for greater risk. This will cause equity and dividend yields/returns to rise so as to adjust for the higher perceived riskiness. This will reduce the value of the assets held in investment. If discounting is used to value the liabilities, the liabilities will show a similar decrease as the rate of discounting is likely to increase

The downgrade will have an adverse effect on liabilities denominated in other currencies (Sovereign downgrade likely to have negative effect on local currency exchange rate)

From an insurance perspective, this downgrade will impact the credit ratings of all insurers and reinsurers locally domiciled.

Further knock on effects of this are;

- In many reinsurance treaty wordings there is a "downgrade clause". This may allow (or in some wordings, require) the insurer to cancel mid-term in the event of a downgrade. If some reinsurers and insurers are downgraded and cancellation clauses are automatically invoked, the financial security of those organisations being protected is likely to be negatively impacted, and they too may suffer downgrades. A domino effect or market spiral could follow which would impact the security of the market as a whole.

- Most insurance and reinsurance brokers vet the security of their markets, and they generally rely on the ratings provided by the major agencies as a proxy for completing their own due diligence exercises. Downgrades can have the effect of forcing them to move large amounts of business from their now "insecure" underwriters, the implications of which are massive.
- In terms of the proposed solvency assessments under the regulatory regime, the efficacy of reinsurance coverage as well as investments will likewise be impaired, forcing insurers and reinsurers to retain still higher reserves as a result of the downgrades..

Part (b)

Local financial markets are likely be in trouble, so it is difficult for downgraded firms to substitute debt for equity issuance. Sovereign downgrades also tend to happen in periods of global financial turmoil, and so even firms that have access to global markets may find it difficult to raise alternative sources of finance.

For larger commercial and corporate business the placement of business could require that insurers hold a certain credit strength, a sovereign downgrade could negatively affect the rating of the insurer leading to business being lost

The above is especially true for the acceptance of reinsurance inwards business from the international market

Credit rating downgrade will translate into a slower growth of premium growth as consumers are likely to cancel policies due to affordability (It is assumed that a downgrade will translate into rising inflation rates due to currency depreciation, causing interest rates to increase, increasing the cost of money and thereby decreasing money available to the average household)

Lastly, the downgrade could lead to higher net claims ratio as fraud and moral hazard increases in tough economic circumstances. This places additional strain on the profitability of the company and places pressure on the premium rates that the company can charge – this could further reduce the business volume in the coming year.

(v) *Examiners' notes: This question again tested the higher order commercial thinking of candidates. Better candidates put down clear stresses related to their answers in prior questions and clearly related the stress to a downgrade scenario. The following solution sets out 5 stresses but marks were also given for relevant other stresses considered.*

Some candidates answer in the exam stated that no mention was made of SAM and hence Interim measures related calculations were assumed. Although this was not marked wrong, candidates are expected to show a level of professionalism in their answers and hence assuming SAM does not exist does not show this level of professionalism.

1. Impact of reinsurance counterparty exposure being downgraded following the Sovereign rating downgrade. This could be achieved by downgrading the credit rating of reinsurers by ½ steps.
    - Will affect the counter party default and also likely the concentration risk module (depending on the number of reinsurers on the panel and the amount exposed to each) in the Standard formula
    - Will also lead to greater impairment in the underwriting module when stressing the recoverability of the RI asset.
    - Will lead to higher SCR requirements and a decreased capital coverage ratio

2. Impact of fall in equity and bond prices (25% fall in Equity, 25% fall in Bond values) on the asset portfolio following the downgrade.
    - Overall our asset portfolio will be lower valued.
    - Will lead to lower overall shocks, especially the equity portfolio. For the bond portfolio this will be impacted by the counter effect of the shock on the liabilities.
    - This will lead to lower SCR requirements
    - Will still need to check the capital coverage ratio due to assets being lower overall. Capital coverage ratio is likely to decrease.

3. Impact of lower take up of all policies (Decrease new business volumes by 20%). I.e. not achieving growth targets set out in the balance sheet
    - Will affect the underwriting risk module in the form of a lower volume measure being applied.
    - The effect of this will likely be a lower Non-Life underwriting risk (NLUR) stress resulting in a lower SCR requirement.
    - As part of this stress we will need to test the effect on profitability as ultimately fixed expenses become a greater percentage of earned premium which could adversely affect profits and retained earnings.
    - Could also potentially affect the operational risk charge.

4. Impact of greater insolvencies in the country affecting the profitability of Credit Guarantee insurance. Increasing the ultimate loss ratio of Credit Guarantee business by 10 – 25%
    - Will affect the NLUR module by increasing the Technical Provision volume measure (OCR and IBNR), as these are increased for worse than expected experience - this will cause NLUR charge to increase as well as causing the SCR to increase.
    - Could also lead to lower take up of policies affecting the SCR downward (As above).
    - Will need to test the effect on profitability by considering the profitability contribution of the credit guarantee class on the total profitability of the company.
    - Could also affect the overall diversification achieved between the different portfolios.

5. Impact of a large reinsurer defaulting, especially in the Credit Guarantee space as a lot more companies likely to default following the sovereign downgrade.
    - Depending on the cession, this could cause liquidity problems for the company.
    - Free assets likely to be low which will affect the capital coverage ratio.
    - Furthermore, the SCR is likely to increase because of reinsurance cover not being immediately available to replace current defaulted player - this will cause the net retention to be higher increasing the NLUR charge and thus the SCR.
    - Could also impact the market risk module, especially the concentration risk charge as there are fewer reinsurers on the panel

(vi) *Examiners' notes: It should be noted that the below terms are not strictly defined. Marks were given for candidates who gave a solid interpretation and explanation of each term.*

- Risk appetite can be defined as the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives
- Risk tolerance is the degree, amount of risk that an organisation is willing to tolerate in order to meet their objectives. Generally refers to the amount of variation the entity is willing to accept around specific objectives.

(vii) *Examiners' notes: This was a relatively straightforward question and the majority of candidates scored well on this question*

Advantages

- Relatively easy to understand with the reference to the regulatory requirements
- Will be easy to track: i.e. will be an extension of calculating your quarterly returns
- If used in the company, could help unlock value by better aligning decision making
- Easy to take to the board (Use test)
- Risk appetite statement will need to be clearly communicated across the organisation - the current form is relatively easy to understand and can be incorporated relatively quickly into the risk culture of the organisation

Disadvantages

- Not clear whether it is reflective of strategy? Not enough information is given on whether the standard formula does fit the organisation's risk profile
- Would need more statements, i.e. return on capital so as to not have an inefficient capital structure. More than 150% could lead to diminished returns. (Striking a balance between availability of capital cost of capital)
- This can be seen as a top down risk statement - will need to consider the bottom up elements of what makes up this statement. I.e. statements for each component as well as statement of diversification
- Would need to add on to this, the type of risks the company wants to take.
- Would need to specify what happens in the case of a breach of appetite in terms of recourse and actions available

(viii) *Examiners' notes: This was again a relatively easy question with lots of options and marks available. Marks were not given for repetition of ideas, ie increasing the own funds by share issues, group capital etc. generally has the same advantages and disadvantages.*

4 options are given in the model answer below. It should be noted that candidates who provided a 4th option generally did not receive marks for this as the question only asked for 3 options.

1. Increase the amount of own funds the company has. This could be via a shareholder loan, share issues, group capital injection etc.

   + Will directly increase the own funds and hence the capital coverage ratio

   +Could be relatively straightforward depending on the company's capital and group structure

   -Will diminish the return on capital and more return will be required to maintain the Return on Equity hurdle

   -Could be inefficient to raise more capital (Group could have other uses, loans might be available at high interest and share price might not be favourable

   -May be difficult to raise in stressed economic times

2. Increase the amount of reinsurance ceded/purchased

   +Relatively straightforward to arrange.

   +Could be done with good profit sharing and commission structures in place

-Will also cede away some of the profit

-Will need to be cede to reinsurers with good credit quality otherwise counterparty default risk will increase the SCR and the overall benefit will not be as good as anticipated

-Might not be available or only available at high price.

-This will diminish the Return on Equity achieved as reinsurers generally price in a profit margin

-Local reinsurers will also have been downgraded, so may have to deal with foreign reinsurers which increases currency risk, deposits withheld etc.

3. Adjust the business plans and strategy to underwrite less risk in the future. I.e. negative growth

+Will reduce the underwriting module contribution and lead to lower SCR

-Will cause pressure on fixed expenses percentage contribution as there will be less premium to spread costs over

+Could be beneficial in uncertain economic times. I.e. by sticking with stricter underwriting guidelines unlikely to renew all business. If underwriting strategy is good you will remain competitive where you want to be and this could lead to a saving on claim costs.

-Might not be in line with shareholder expectations. Will want to achieve profitable year on year growth

4. Reinvest assets into less risky perceived classes as per the standard formula (i.e. asset optimization as per Standard formula)
   - Rebalancing the asset portfolio so as to decrease the shocks applied in the standard formula. This could be in the form of:
     - Having less exposure to equities
     - Ensuring enough spread between counterparties (i.e. adequate use of big 4 banks)
     - Changing the structure of strategic participations (i.e. by creating central administration company thereby reducing the participation shocks)
     - Invest in high quality equities and bonds (Consider only highly credit rated bonds and equities to invest in). All local counterparties likely to have been downgraded and hence foreign assets could be an option.

   +Could lead to lower overall returns achieved, due to less perceived riskiness

   -Might need to adjust investment mandates with appointed investors (Could be complicated)

   -Might not adequately match the nature, uncertainty, currency and term of the liabilities

   -Might need board approval for changes in policy etc. Could prove admin intensive

QUESTION 2

(i) *Examiners' notes: This was a fairly straightforward knowledge question. Better candidates clearly distinguished between the functions performed by the UMA and the underwriting risk carried by the insurer*

Below is a list of relevant points that could have been made under each topic for this question.

Describe what a UMA is:

- Manages the underwriting, administration, premium collection and claims of 1 / more classes of business that it is a specialist in
- Typically underwrites classes of business not underwritten on an intermediated or direct basis
- by the insurer on whose licence it is underwriting
- Will not underwrite the same class of business with multiple insurers
- May underwrite different classes of business with different insurers
- Considered experts in the classes they choose to underwrite

How a UMA functions:

- A UMA is a separately registered company
- A UMA does the underwriting for the policy but the risk is written on the licence of the insurer with whom they are contracted as a UMA
- A UMA depending on mandate performs the following functions: Pricing, Underwriting, Admin, Premium Collection, Claims Settlement, Reporting to the Insurer
- * A UMA cannot deal directly with the public but only via Brokers

(ii) *Examiners' notes: This question was not answered well by many students as there was often a failure to properly distinguish between the start up capital of the UMA and the capital that would need to be provided by the insurer to underwrite the business written by the new UMA. Candidates often referred to the remuneration of the owners of the UMA in commission terms which is incorrect.*

Who provides the Capital:
Clearly differentiate between Capital to start the UMA and Insurance Capital
Capital to Start the UMA:

- This can be provided by the shareholders of the UMA who may be a combination of external parties as well as shareholding by the insurer
- There may be a loan arrangement between the insurer and the other shareholders of the UMA
- The owners of the UMA may choose to use their own capital or obtain from external sources

Insurance Capital

- The Insurance Company needs to provide the underlying Insurance Capital.

- The UMA agreement may include a profit participation clause that shares a portion of the insurance profits with the UMA. This may defer profit share with the UMA after a few years of underwriting losses.
- All the liability for ensuring that claims are paid remains with the insurer

How are the owners remunerated?

- The owners are remunerated by a percentage of premium written, a percentage of underwriting profit or a combination of the 2
- The owners of the capital will be entitled to receive the investment income

(iii) *Examiners' notes: This question was answered well from a pricing perspective, although a number of candidates went into too much data and pricing detail than the question warranted. Few students demonstrated the requisite application and higher skills that were required to interrogate the business plan properly. Very little mention of risk appetite, regulatory requirements and developments.*

a. The viability of the business plan

- Does your company already have a UMA engaged in a similar line of business?
  Scrutinise the business plan for the following:
  - Does the overall business plan at a high level make economic sense?
  - Relative to the membership base of SAWPA, do the market penetration and premium levels make sense?
  - Do the loss ratio assumptions appear sensible?
  - Is there period before the remuneration paid to the UMA covering the costs associated with the UMA sensible and consistent with the penetration and premium numbers?
  - Are the management costs associated with the UMA sensible in terms of salaries, rental etc?
  - Are the proposed directors of the UMA fit and proper to manage a UMA?
  - Does the UMA fit into your business plan, core areas of growth and capital management plans?
  - Does the UMA have a unique selling point that differentiates it in the market?
  - Consider any legislative changes that could affect the selling practices of the UMA (e.g. RDR)
  - Can all the products be written on your company's short term licence i.e. classses that you have been approved for by the FSB?
  - Can all the products be written as short term insurance products given the classifications by the FSB in the short term insurance act?
  - Request all proposed policy wordings, underwriting guidelines, exclusions and rating structures if available
  - Will you be able to get the appropriate reinsurance in the market for this product - Should you wish to cover large claims/aggregate events?
  - Capital implications and class allocations under both SAM and Interim Measures

b. The ability to price, set the reserves and design the proposed products

Product Pricing

Theft and Accidental Damage

- This is a simple cover with a number of similar products available in the market.
- If sufficient volumes are written this product should be feasible

- Pricing and rating comparisons would be available in the market and re-insurers can also be consulted

Loss of Income

- There will probably not be similar products available in the market
- Is cancellation data available from SAWPA to calculate the frequency and severity of cancellation events (what levels of deposits are generally charged)?
- Could a fixed maximum benefit alleviate some of the associated risks?
- Moral Hazzard - how can you confirm that an event was actually booked prior to cancellation?
- Credit risk - cancellations may be linked to economic downturn meaning that large numbers of cancellations occur at inopportune times
- Depending on the risks and lack of data this could be an expensive risk to underwrite

Camera Failure

- There will probably not be similar products available in the market
- Would the camera and memory card manufacturers be willing to divulge the failure frequency information?
- Moral Hazzard - How do you prove that an equipment failure occurred? Can the outcome be manipulated if a photographer caused the failure?
- Is the claim event defined clearly enough? Does it leave scope for manipulation?
- Does the photographer have an insurable interest in the claim event?
- Depending on the risks and lack of data this could be a difficult risk to underwrite

Reserving

- Are these policies written on a monthly or term frequency?
- Do we expect any uneven incidence of risk over the term of the policies?
- Are claims expected to be short tailed or longer?
- Do we expect any cat claims or concentrations of claims?
- Will claims result in legal action and take a long time to settle?
- Which classes under Interim Measures / SAM will these policies fall into and will we use percentages to set reserves in the absence of more data?

Product Design. How do we alleviate the following:

- Moral Hazzard
- Multiple claims / limit of number of claims per annum
- Credit risk during economic downturn
- Ensure that wording complies with TCF

(iv) *Examiners' notes: This question was not answered well by all candidates. The factors affecting the capital requirement were usually listed but the conclusion as to whether significant capital would be required was not answered in all cases.*

This will depend on the following factors:

- Size of the insurer. A medium sized insurer in the SA market. A niche UMA should not be capital intensive
- What SAM classes will these products be classified as? Property, liability and miscellaneous? What are the capital allocations to these classes under Interim Measures and under SAM? (Appropriate discussion of the SAM percentages applied)
- Are there any diversification benefits from writing these classes of business? Lower capital allocation
- Does the insurer intend to re-insure this business? Lower capital allocation
- Does the insurer currently have any dispensations to use reserving techniques that are not standard market practice and how do these products fit in?

(v) *Examiners' notes: Very few candidates considered the practical management issues of the UMA in any level of detail. The examiners had the impression that a number of candidates were running out of time at this stage.*

Launch the UMA with a low risk to your Balance Sheet:

- High level of reinsurance
- If the insurer loans capital to the other shareholders in the UMA to launch the business, failure to meet growth targets and hence income can lead to a significant risk of the loan being impaired
- One of the main risks to your Balance Sheet would be writing too much business and business that is not profitable
- Increase percentage of remuneration based on underwriting profit
- Decrease the percentage of remuneration based on Premium
- Encourage the owners of the UMA to stand surety for a percentage of underwriting losses
- Ensure that pricing of products is adequate. Consider a cash back reward structure for not claiming
- Initial input into set up of the UMA to ensure that amongst others, the following is properly set up: Policy Administration systems, Claims Systems, Policy Wordings and reporting
- Allowing the UMA to work on your Policy and Claims systems saves costs and promotes the longevity of the relationship

Align Objectives of SAWPA

- Include UMA in your management discussions where strategy of company is clearly understood
- Include UMA in budget cycle
- Clearly defined objectives for UMA
- Encourage sales of product and profitable growth
- Share performance of the UMA with regards to their profitability and ROE. Be clear as to how much capital they employ
- Assist in pricing and performance reviews
- Align staff performance bonuses to the objectives of the insurer

(vi) *Examiners' notes: This question was not well answered and no marks were allocated to practical management considerations that were asked in previous sections of the question.*

- They need to register as a Financial Services Provider
- A UMA cannot trade directly with the public
- They will need to approach a broker to be the intermediary with their members
- They cannot own shares in the brokerage
- Their sales staff and advice giving staff will need to be FAIS accredited
- SAWPA probably does not know a great deal about insurance or the insurance regulatory environment
- Consider any legislative changes that could affect the selling practices of the UMA (e.g. RDR)