



Subject F201

Health Insurance Applications

Fellowship Applications Syllabus

For the 2023 Examinations

October 2022

The syllabus is up to date with industry developments as at the end of May in the year preceding the publication of the syllabus. However, students attempting F200 subjects should also have knowledge and be aware of topical, relevant and current issues, as these may also feature in the examinations



Aim

The aim of the Health and Care Fellowship Applications subject is to provide successful newly qualified actuaries with the ability to apply knowledge of the South African Health and Care environment and the principles of the actuarial practice in the provision of Health and Care benefits in South Africa.

Links to other subjects

The subject Health and Care Principles F101 provides the underlying principles of Health and Care upon which this subject is based. It is assumed that newly qualified actuaries have a good understanding of the principles covered in Subject Health and Care Principles F101

Some of the long term insurance features of Health and Care are developed in Subject Life Insurance Principles F102 Subject Health and Care Fellowship Applications will draw upon many of these aspects.

Some of the funding methods relevant to Health and Care are developed in Subject Pension and other Benefits Principles F104

Newly qualified actuaries can expect to be examined in aspects of general principles developed in Subject Health and Care Principles F101 as well as the further aspects of general principles, and also the South African specific aspects, developed in Subject Health and Care Fellowship Applications F201

Objectives

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

- (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
- 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
- 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)
- 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
- Principles of social health insurance and national health insurance
- Policies with respect to the implementation of National Health Insurance

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

End of Syllabus