



Subject F203

General Insurance Applications

Fellowship Applications Syllabus

For the 2023 Examinations

October 2023

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 General Insurance Applications subject is to instill in successful candidates the ability to apply knowledge of the South African general insurance environment and the principles of actuarial practice to providers of general insurance in South Africa.

Links to other subjects

Subject F103 General Insurance Principles provides underlying principles of General Insurance upon which this subject is based. It assumes that candidates have good understanding of the principles covered in this subject.

Candidates can expect to be examined in aspects of general principles developed in Subject F103 General Insurance Principles as well as the further aspects of general principles including but not limited to those specific to the South African insurance environment.

Objectives

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

- (a) Define the principal terms used within the South African general insurance market.
- (b) Describe the main features of the South African general insurance market.
- (c) Describe the principal taxation requirements that affect general insurers established in South Africa, in particular:
 - i) State the principles on which the taxation of a proprietary insurer is based.
 - ii) Describe the technical reserves that can be taken into account in calculating the taxable profits of a proprietary insurer.
 - iii) Outline the principles of taxation within the Lloyd's market.
- (d) Describe the regulatory requirements that affect South African general insurers, in particular:
 - i) Describe the steps required and calculate a general insurance company's statutory solvency margin.
 - ii) Describe the principles underlying the Solvency Assessment and Management (SAM) regulations.
 - iii) Demonstrate a basic knowledge of the Financial Advisory and Intermediary Services Act and the Financial Intelligence Centre Act including the impact of these on general insurers.
- (e) Describe the requirements of the professional guidance relevant to actuaries practising in or advising South African general insurance companies and Lloyd's syndicates.
- (f) Determine appropriate bases for valuing the insurance liabilities of a South African general insurer in order to produce:
 - i) Companies Act accounts and statutory returns,



- ii) Taxation accounts,
- iii) Management Accounts.

(g)

- i) Analyse the financial planning requirements of a South African 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.

(h) With reference to the Actuarial Control Cycle, carry out an analysis of the experience of a general insurer in the following areas:

- i) claims and exposure,
- ii) portfolio analysis,
- iii) analysis of movements,
- iv) expenses,
- v) persistency and profitability by source.

(i) Produce coherent advice and recommendations for the overall financial management of a general insurance business, in particular:

- i) Analyse more complex problems in terms of actuarial, economic and financial factors to a level where appropriate analytical techniques may be used,
- ii) Integrate and critically evaluate and interpret the results in a wider context and draw appropriate conclusions.

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

- product design,
- product pricing,
- reserving for unexpired risks,
- reserving for outstanding claims,
- valuation of assets and liabilities,
- risk management arrangements,
- investment strategy,
- asset adequacy,
- long-term financial control.

and hence draw reasoned conclusions in relation to:

- risks undertaken,
- the requirement for capital,
- the allocation of capital,
- the return on capital.

(k)

- i) Understand the particular considerations to be borne in mind when pricing large commercial risks,
- ii) Describe the alternative approaches to rating such risks.

(l) Understand the use of catastrophe modelling in short-term actuarial work, in particular:

- i) Understand the difference between catastrophe rating models and traditional actuarial rating methods,



- ii) Outline the generic structure of a catastrophe model,
 - iii) Understand the key perils modelled,
 - iv) Describe the key uses of catastrophe models,
 - v) Understand some key considerations in using the output of catastrophe models.
- (m)
- i) Understand the reasons why different reserving techniques are required for latent claims and disease claims,
 - ii) Describe the alternative approaches to reserving for UK and US latent claims and disease claims,
 - iii) Understand the appropriate uses of each method.
- (n)
- i) Outline the reasons why a general insurer may wish to transfer a portfolio of business to another insurer,
 - ii) Describe the alternative approaches to such a transfer, including the situations in which each may be appropriate.
- (o) Understanding emerging risks and their impact on general insurance products, including cyber risk.

End of Syllabus