



Institute of Actuaries of India

Subject

SA3 – General Insurance Specialist
Advanced

For 2024 Examinations

Aim

The aim of the General Insurance Specialist Applications subject is to instil 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 SP7 — ‘General Insurance Reserving and Capital Modelling Specialist Principles’ 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 SP8 — ‘General Insurance Pricing Specialist Principles’ 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 principles developed in Subjects SP7 and SP8 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 be aware of the current status and expected future development of Ind AS, Risk Based Capital regimes in India and overseas (e.g. 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:

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- (i) Quarterly solvency margin reports (Forms IRDAI-GI-TA, FORM IRDAI-GI-TR, FORM IRDAI-GI-SM 1A and 1B)
 - (ii) annual accounting and statutory returns, including under Ind AS
 - (iii) Annual Actuarial Valuation and related reports submission such as:
 - Annual Financial Condition Report
 - Annual Appointed Actuary's IBNR Report
 - Calculation of Economic Capital
- (f) (i) Understand the different reserving techniques and appropriateness of the techniques by line of business.
- (ii) Knowledge of alternative approaches to reserving commonly used in UK and US markets
- (iii) Understand the claims experience of the Motor Third Party Liability business in India and methods that may be used for reserving for this business
- (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
- (iii) Solve complex problems and analyze complex issues associated with:
- product design
 - product pricing
 - 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:
 - o risks undertaken
 - o the requirement for capital
 - o the return on capital
 - accounting and financial reporting

Study material for subject SA3

A Reading Material by Actuarial Education Co:

For the May and November 2024 examinations, ActEd Study Materials: 2024 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.

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Topic: Taxation

- Substitute with Indian market – Tax on general insurance

Topic: Legislation

- Substitute with Insurance Act, IRDA Acts and regulations applicable for general insurance available at <http://www.irdai.gov.in>
- Understanding changes in accounting principles on general insurance accounting and financial reporting

Topic: Professional Guidance

Substitute with:

- APS 21 issued by IAI
- Professional Conducts Standard (PCS) issued by IAI
- APS 33 issued by IAI
- APS 34 issued by IAI

For all chapters in ActEd Study Materials: 2024 Examinations Subject SA3, wherever relevant, candidates should refer SP7 and SP8 ActEd course material to supplement ideas developed / presented.

B India specific reading material for Indian Legislations

- IRDAI (Appointed Actuary) Regulations, 2022 & amendments thereof, if any
- IRDAI (Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2022 & amendments thereof, if any
- IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) (First Amendment) Regulations, 2021 & amendments thereof, if any
- IRDAI (Protection of Policyholders' Interests) Regulations 2017 & amendments thereof, if any
- IRDAI (Expense of Management) Regulations 2023 & amendments thereof, if any
- Guidelines on estimation of IBNR Claims provision under General Insurance Business as per IRDAI Circular 11/IRDA/ACTL/IBNR/2005-06 dated 08.06.2005
- Information to be submitted as part of the Annual Actuarial Valuation and related reports submission as per Circular IRDAI/ACT/CIR/GEN/075/03/2017:
 - IBNR Report, Circular No 11/IRDA/ACTL/IBNR/2005-06 dated 08.06.2005
 - Financial Condition Report, Annexure III of Circular No.: IRDAI/ACT/CIR/GEN/075/03/2017 dated 31.03.2017
 - Asset Liability Management and Stress Testing, Circular No.: IRDA/ACTL/CIR/ALM/006/01/2012
 - Economic Capital Report, Circular No.: IRDA/ACT/CIR/MIS/111/05/2011 dated 25th May 2011
- IRDAI (Health Insurance) Regulations, 2019 & amendments thereof, if any
- IRDAI (Investment) Regulation 2016 & amendments thereof, if any
- IRDAI Re-insurance (Amendment) Regulations, 2023 & amendments thereof, if any
- Guidelines on Product Filing Procedures for General Insurance Products (IRDAI/NL/GDL/F&U/030/02/2016), and related circulars

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- Consolidated Guidelines on Product filing in Health Insurance Business (IRDAI/HLT/REG/CIR/194/07/2020)

The above list is not exhaustive. The candidate is expected to have knowledge and understanding of all previous and recent extant regulations (and amendments thereof) issued by IRDAI from time to time affecting Indian general insurance business in general and their actuarial implications in particular.

Further reading

As suggested in 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 IFoA, UK SA3 exams.

End of Syllabus