

GI – Financial & Regulatory Environment U.S. Exam

Fall 2023

Important Exam Information:

[Exam Registration](#)

Candidates may register online or with an application.

[Order Study Notes](#)

Study notes are part of the required syllabus and are not available electronically but may be purchased through the online store.

[Introductory Study Note](#)

The Introductory Study Note has a complete listing of all study notes as well as errata and other important information.

[Case Study](#)

A copy of the case study will be provided with the examinations. Candidates will not be allowed to bring their copy of the case study into the examination room

[Past Exams](#)

Past Exams from 2014-present are available on SOA website.

[Updates](#)

Candidates should be sure to check the Updates page on the exam home page periodically for additional corrections or notices to the current syllabus.

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1. Topic: Financial Reporting

Learning Objective

The candidate will understand the elements of financial reporting for general insurance companies.

Learning Outcomes

The candidate will be able to:

- a) Understand and apply the concepts of insurance accounting
- b) Understand the different financial reporting standards for general insurers
- c) Describe the elements of the NAIC Annual Statement
- d) Complete and interpret selected pages/schedules in the NAIC Annual Statement
- e) Understand and apply the concepts of reinsurance accounting
- f) Understand and apply the elements of discounting for general insurance loss reserves
- g) Demonstrate knowledge of taxation for general insurers in the U.S.

Resources

- *General Insurance Financial Reporting Topics*, Society of Actuaries, Fifth Edition, 2021:
 - Chapter 1 Accounting Concepts for General Insurance
 - Chapter 2 Accounting for Insurance Contracts
 - Chapter 3 Accounting for Financial Instruments
 - Chapter 4 Accounting for Reinsurance Contracts
 - Chapter 5 The Annual Statement, Nonadmitted Assets and Surplus
 - Chapter 6 Schedule F, Statutory Credit for Reinsurance
 - Chapter 7 Schedule P, Statutory Loss Accounting
 - Chapter 8 Notes to Financial Statements
 - Chapter 9 Insurance Expense Exhibit (IEE)
 - Chapter 15 Federal Income Taxes for General Insurers, excluding sections 15.11 and 15.12
- National Association of Insurance Commissioners, Official NAIC Annual Statement Blank, Property / Casualty, for the 2022 reporting year, pages 2-19, 20-29 (Schedule F) and 33-93 (Schedule P)
- [FRE-802-19: National Association of Insurance Commissioners \(NAIC\), Accounting Practices and Procedures Manual, 2018, Preamble](#)
- NAIC, Accounting Practices and Procedures Manual, 2022, Statements of Statutory Accounting Principles (SSAP)
 - SSAP 5 Revised, "Liabilities, Contingencies, and Impairment of Assets," paragraphs 1-12, 26-29 and 33
 - SSAP 9, "Subsequent Events," paragraphs 1-12
 - SSAP 53, "Property Casualty Contracts-Premiums," paragraphs 1-19
 - SSAP 55, "Unpaid Claims, Loss and Loss Adjustment Expenses," paragraphs 1-6 and 11-17
 - SSAP 62 Revised, "Property and Casualty Reinsurance," paragraphs 1-125.
 - SSAP 63, "Underwriting Pools and Associations Including Intercompany Pools," paragraphs 1-11
 - SSAP 65, "Property and Casualty Contracts," paragraphs 1-47
 - SSAP 66, "Retrospectively Rated Contracts," paragraphs 1-14 excluding 7.b, 9.b and 9.c

Note: These SSAPs are included within Appendix IV of "A Public Policy Practice Note, Statements of Actuarial Opinion on Property and Casualty Loss Reserves." See Topic 3 (Responsibilities of the Actuary).

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2. Topic: Financial Health Measurement

Learning Objective

The candidate will understand the analysis of a general insurer's financial health through prescribed formulas, ratios and other solvency regulation methods.

Learning Outcomes

The candidate will be able to:

- a) Evaluate the financial health of a general insurer using information contained in the Annual Statement
- b) Understand and apply the elements of the NAIC RBC formula
- c) Calculate and interpret the results of financial health ratios
- d) Understand the development and principles of solvency regulation
- e) Demonstrate knowledge of the EU Solvency II capital requirement
- f) Demonstrate knowledge of ORSA
- g) Discuss the function of credit rating agencies and their influence on general insurers

Resources

- *General Insurance Financial Reporting Topics*, Society of Actuaries, Fifth Edition, 2021:
 - Chapter 10 Performance Measurement for General Insurers
 - Chapter 11 Financial Ratios for Insurers
 - Chapter 12 Solvency Monitoring, excluding sections 12.12-12.13
 - Chapter 13 General Insurance Financial Ratings
- *[“The U.S. National State-Based System of Insurance Regulation and the Solvency Modernization Initiative,”](#)* NAIC White Paper, 2013, excluding all Appendices, Section 4 and Section 5 paragraphs 30-45, 69-86,
- *“NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual,”* NAIC, as of December 2022, <https://content.naic.org/sites/default/files/publication-orsa-guidance-manual.pdf>

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3. Topic: Responsibilities of the Actuary

Learning Objective

The candidate will be able to apply the standards of practice regarding the responsibilities of the actuary as defined by regulators and the American Academy of Actuaries.

Learning Outcomes

The candidate will be able to:

- a) Describe, interpret and apply the applicable Standards of Practice
- b) Describe, interpret and apply the responsibilities of the actuary with respect to the Statement of Actuarial Opinion and the Actuarial Report
- c) Describe and apply the concept of materiality
- d) Discuss the International Actuarial Association position on the function of the actuary in prudential supervision

Resources

- *General Insurance Financial Reporting Topics*, Society of Actuaries, Fifth Edition, 2021:
 - Chapter 14 The General Insurance Actuarial Opinion, excluding sections 14.2.6.3 and 14.4.2
- [Actuarial Standards of Practice, Actuarial Standards Board of the American Academy of Actuaries](#),
 - No. 1, Introductory Actuarial Standard of Practice, Last Revised 2013
 - No. 20, Discounting of Property/Casualty Unpaid Claim Estimates, Last Revised 2011
 - No. 21, Responding to or Assisting Auditors or Examiners in Connection with Financial Statements for All Practice Areas, Last Revised 2016
 - No. 23, Data Quality, Last Revised 2016
 - No. 36, Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves, Last Revised 2011
 - No. 38, Catastrophe Modeling (for All Practice Areas), Last Revised 2021
 - No. 41, Actuarial Communications, Last Revised 2010
 - No. 43, Property/Casualty Unpaid Claim Estimates, Last Revised 2011
- [“International Standard of Actuarial Practice 1, General Actuarial Practice,”](#) Revision adopted December 1, 2018, International Actuarial Association,
- [“Statements of Actuarial Opinion on Property and Casualty Loss Reserves, December 2022”](#) American Academy of Actuaries, Public Policy Practice Note, Casualty Practice Council’s Committee on Property and Liability Financial Reporting, excluding Appendix I–Section I.3, Appendix II–Section IV, and Appendix IV,
Note: See Topic 1 (Financial Reporting) for SSAPs in Appendix IV to be included in the syllabus resources
- [“Materiality, Concepts on Professionalism,”](#) American Academy of Actuaries, Task Force on Materiality, Discussion Paper, Professionalism Series, 2006, No. 8,
- [“The Function of the Actuary in Prudential Supervision,”](#) International Actuarial Association, September 2002,

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| 4. Topic: Regulation |
| Learning Objective |
| The candidate will be able to describe the current and historical regulatory environment. |
| Learning Outcomes |
| The candidate will be able to: <ul style="list-style-type: none">a) Describe the functions of key regulatory bodies in the U.S.b) Describe and interpret the current state of general insurance regulation in the U.S. and its developmentc) Understand the regulation of reinsurance |
| Resources |
| <ul style="list-style-type: none">• <i>Insurance Regulation</i>, Porter, K., The Institutes, 1st Edition, 2008, Chapters 2 to 6, 11 (excluding pages 11.11-11.15, 11.26 - 11.30) and 12• <i>“The Economic Crisis and Lessons from (and for) U.S. Insurance Regulation,”</i> Journal of Insurance Regulation, National Association of Insurance Commissioners, Volume 28, No. 1, Fall/Winter 2009,• <i>“Understanding the New Financial Reform Legislation: The Dodd-Frank Wall Street Reform and Consumer Protection Act,”</i> Mayer Brown, July 2010, only include Section on Title V – Insurance |