

# General Insurance Financial and Regulatory Environment–US Exam

Spring 2024

## 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 readings 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 copies of this exam from 2014-present are available on the 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.

Financial and Regulatory Environment – US  
SPRING 2024

<b>1. Topic: Financial Reporting</b>
<b>Learning Objective</b>
The candidate will understand the elements of financial reporting for general insurance companies.
<b>Learning Outcomes</b>
The candidate will be able to: <ul style="list-style-type: none"><li>a) Understand and apply the concepts of insurance accounting</li><li>b) Understand the different financial reporting standards for general insurers</li><li>c) Describe the elements of the NAIC Annual Statement</li><li>d) Complete and interpret selected pages/schedules in the NAIC Annual Statement</li><li>e) Understand and apply the concepts of reinsurance accounting</li><li>f) Understand and apply the elements of discounting for general insurance loss reserves</li><li>g) Demonstrate knowledge of taxation for general insurers in the U.S.</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <i>General Insurance Financial Reporting Topics</i>, Society of Actuaries, Fifth Edition, 2021:<ul style="list-style-type: none"><li>○ Chapter 1 Accounting Concepts for General Insurance</li><li>○ Chapter 2 Accounting for Insurance Contracts</li><li>○ Chapter 3 Accounting for Financial Instruments</li><li>○ Chapter 4 Accounting for Reinsurance Contracts</li><li>○ Chapter 5 The Annual Statement, Nonadmitted Assets and Surplus</li><li>○ Chapter 6 Schedule F, Statutory Credit for Reinsurance</li><li>○ Chapter 7 Schedule P, Statutory Loss Accounting</li><li>○ Chapter 8 Notes to Financial Statements</li><li>○ Chapter 9 Insurance Expense Exhibit (IEE)</li><li>○ Chapter 15 Federal Income Taxes for General Insurers, excluding sections 15.11 and 15.12</li></ul></li><li>• 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)</li><li>• <a href="#">FRE-802-19: National Association of Insurance Commissioners (NAIC), Accounting Practices and Procedures Manual, 2018, Preamble</a></li><li>• NAIC, Accounting Practices and Procedures Manual, 2022, Statements of Statutory Accounting Principles (SSAP)<ul style="list-style-type: none"><li>○ SSAP 5 Revised, "Liabilities, Contingencies, and Impairment of Assets," paragraphs 1-12, 26-29 and 33</li><li>○ SSAP 9, "Subsequent Events," paragraphs 1-12</li><li>○ SSAP 53, "Property Casualty Contracts-Premiums," paragraphs 1-19</li><li>○ SSAP 55, "Unpaid Claims, Loss and Loss Adjustment Expenses," paragraphs 1-6 and 11-17</li><li>○ SSAP 62 Revised, "Property and Casualty Reinsurance," paragraphs 1-125.</li><li>○ SSAP 63, "Underwriting Pools and Associations Including Intercompany Pools," paragraphs 1-11</li><li>○ SSAP 65, "Property and Casualty Contracts," paragraphs 1-47</li><li>○ SSAP 66, "Retrospectively Rated Contracts," paragraphs 1-14 excluding 7.b, 9.b and 9.c</li></ul></li></ul> <p><i>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).</i></p>

Financial and Regulatory Environment – US  
SPRING 2024

<b>2. Topic: Financial Health Measurement</b>
<b>Learning Objective</b>
The candidate will understand the analysis of a general insurer's financial health through prescribed formulas, ratios and other solvency regulation methods.
<b>Learning Outcomes</b>
The candidate will be able to: <ul style="list-style-type: none"><li>a) Evaluate the financial health of a general insurer using information contained in the Annual Statement</li><li>b) Understand and apply the elements of the NAIC RBC formula</li><li>c) Calculate and interpret the results of financial health ratios</li><li>d) Understand the development and principles of solvency regulation</li><li>e) Demonstrate knowledge of the EU Solvency II capital requirement</li><li>f) Demonstrate knowledge of ORSA</li><li>g) Discuss the function of credit rating agencies and their influence on general insurers</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <i>General Insurance Financial Reporting Topics</i>, Society of Actuaries, Fifth Edition, 2021:<ul style="list-style-type: none"><li>○ Chapter 10 Performance Measurement for General Insurers</li><li>○ Chapter 11 Financial Ratios for Insurers</li><li>○ Chapter 12 Solvency Monitoring, excluding sections 12.12-12.13</li><li>○ Chapter 13 General Insurance Financial Ratings</li></ul></li><li>• <a href="#"><i>"The U.S. National State-Based System of Insurance Regulation and the Solvency Modernization Initiative,"</i></a> NAIC White Paper, 2013, excluding all Appendices, Section 4 and Section 5 paragraphs 30-45, 69-86,</li><li>• <i>"NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual,"</i> NAIC, as of December 2022, <a href="https://content.naic.org/sites/default/files/publication-orsa-guidance-manual.pdf">https://content.naic.org/sites/default/files/publication-orsa-guidance-manual.pdf</a></li></ul>

Financial and Regulatory Environment – US  
SPRING 2024

<b>3. Topic: Responsibilities of the Actuary</b>
<b>Learning Objective</b>
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.
<b>Learning Outcomes</b>
The candidate will be able to: <ul style="list-style-type: none"><li>a) Describe, interpret and apply the applicable Standards of Practice</li><li>b) Describe, interpret and apply the responsibilities of the actuary with respect to the Statement of Actuarial Opinion and the Actuarial Report</li><li>c) Describe and apply the concept of materiality</li><li>d) Discuss the International Actuarial Association position on the function of the actuary in prudential supervision</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <i>General Insurance Financial Reporting Topics</i>, Society of Actuaries, Fifth Edition, 2021:<ul style="list-style-type: none"><li>○ Chapter 14 The General Insurance Actuarial Opinion, excluding sections 14.2.6.3 and 14.4.2</li></ul></li><li>• <a href="#">Actuarial Standards of Practice, Actuarial Standards Board of the American Academy of Actuaries</a>,<ul style="list-style-type: none"><li>○ No. 1, Introductory Actuarial Standard of Practice, Last Revised 2013</li><li>○ No. 20, Discounting of Property/Casualty Unpaid Claim Estimates, Last Revised 2023</li><li>○ No. 21, Responding to or Assisting Auditors or Examiners in Connection with Financial Statements for All Practice Areas, Last Revised 2016</li><li>○ No. 23, Data Quality, Last Revised 2016</li><li>○ No. 36, Statements of Actuarial Opinion Regarding Property/Casualty Loss and Loss Adjustment Expense Reserves, Last Revised 2011</li><li>○ No. 38, Catastrophe Modeling (for All Practice Areas), Last Revised 2021</li><li>○ No. 41, Actuarial Communications, Last Revised 2010</li><li>○ No. 43, Property/Casualty Unpaid Claim Estimates, Last Revised 2011</li></ul></li><li>• <a href="#">“International Standard of Actuarial Practice 1, General Actuarial Practice,”</a> Revision adopted December 1, 2018, International Actuarial Association,</li><li>• <a href="#">“Statements of Actuarial Opinion on Property and Casualty Loss Reserves, December 2022”</a> 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, <i>Note: See Topic 1 (Financial Reporting) for SSAPs in Appendix IV to be included in the syllabus resources</i></li><li>• <a href="#">“Materiality, Concepts on Professionalism,”</a> American Academy of Actuaries, Task Force on Materiality, Discussion Paper, Professionalism Series, 2006, No. 8,</li><li>• <a href="#">“The Function of the Actuary in Prudential Supervision,”</a> International Actuarial Association, September 2002,</li></ul>

Financial and Regulatory Environment – US  
SPRING 2024

<b>4. Topic: Regulation</b>
<b>Learning Objective</b>
The candidate will be able to describe the current and historical regulatory environment.
<b>Learning Outcomes</b>
The candidate will be able to: <ul style="list-style-type: none"><li>a) Describe the functions of key regulatory bodies in the U.S.</li><li>b) Describe and interpret the current state of general insurance regulation in the U.S. and its development</li><li>c) Understand the regulation of reinsurance</li></ul>
<b>Resources</b>
<ul style="list-style-type: none"><li>• <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</li><li>• <a href="#"><i>"The Economic Crisis and Lessons from (and for) U.S. Insurance Regulation,"</i></a> Journal of Insurance Regulation, National Association of Insurance Commissioners, Volume 28, No. 1, Fall/Winter 2009,</li><li>• <a href="#"><i>"Understanding the New Financial Reform Legislation: The Dodd-Frank Wall Street Reform and Consumer Protection Act,"</i></a> Mayer Brown, July 2010, only include Section on Title V – Insurance</li></ul>