GENERAL INSURANCE (30 hours)

1. Actuarial control cycle
- Basic principles
- Application

2. Principles of general insurance
- Features of the main contract types
  ° Types of cover
  ° Perils covered
  ° Policy document
  ° Benefits anticipated
  ° Exclusions
  ° Measure of exposure
  ° Claim characteristics
  ° Risk factors
  ° Rating factors
- Types of reinsurance contact
  ° Reinsurance and coinsurance
  ° Facultative reinsurance and treaty
  ° Proportional and non-proportional reinsurance
  ° Quota Share
  ° Surplus
  ° Excess of loss
  ° Excess of loss with indexed limits
  ° Aggregate excess of loss
  ° Catastrophe excess of loss
  ° Stop Loss
- General insurance market
  ° Distribution channels
  ° Regulatory and fiscal regimes

3. Risk and uncertainty in general insurance
- Premium risk
- Claims experience
- Expenses, including the effect of inflation
- Commission
- Investment income
- Catastrophic and latent claims
- New business and renewals
- Policy wordings
- Effect of the insurance cycle

4. Data and data verification
- Quality, quantity and the use of data
- Reduction of heterogeneity
- Validity checks

5. Product costing
- Methods and pricing bases
  ° Risk premium
  ° Assumptions
- Experience rating
  ° Prospective and retrospective rating
  ° NCD system
  ° Credibility theory

6. Methods and reserving bases
- Outstanding claims reserve
  ° Estimating on a case by case basis
  ° Chain ladder method
  ° The average cost per claim method
  ° Bornhuetter-Ferguson method
- IBNR reserve
  ° A simple ratio
  ° Delay table method
  ° Projection method
- The unearned premium reserve and the additional reserve for unexpired risks
- Discounting of reserves
- The suitability of the different methodologies

7. Determining appropriate reinsurance
- The insurance class
- The size of risks and their range
- The volatility of the claims experience
- The size of the free reserves
- Accumulations of risk

8. Investment principles and asset-liability matching
- The impact of the liabilities on the choice of assets
- The impact of the free reserves on the choice of assets
- Asset-liability matching

9. Analysis of experience
- Interpret the accounts
- Analysis of premium rates, expenses, investment

Readings:

1. Actuarial Practice of General Insurance, Hart, D G; Buchanan, R A; Howe, B A, Institute of Actuaries of Australia, Sydney
2. Modern actuarial theory and practice, Haberman S.; Booth, P; Chadburn, R; Cooper, D; James, D, Chapman and Hall, London
3. Subject 302 Core Reading, Faculty and Institute of Actuaries