

Module 2

Insurance Accounting, Coverage Analysis, Insurance Law, and Insurance Regulation

Learning objectives will be integrated within the newly designed study material for the two modules. The CAS will provide the option to study the syllabus material through traditional delivery of a printed textbook as well as through the Internet. Each module will conclude with a two-hour, 75-question multiple-choice exam with a difficulty level that will be comparable to CPCU exams. The exam will be administered by computer-based testing. It is anticipated that the online content and textbooks will be available by January 1, 2011, and the computer-based tests will be available beginning in the Spring of 2011.

Although Module 2 was originally announced as being nation-specific, in the design process it was determined that it could be offered as a country-neutral module.

Materials requiring knowledge at a familiarity level have been placed in Module 2 that will cover the topics listed below.

A. Insurance Accounting

- Basic insurance accounting
 - Purpose of accounting
 - Types of accounting
 - Principal financial statements
 - Sources of accounting rules
 - Differences between GAAP, SAP, IFRS
- Premium accounting
- Insurer financial statements
 - Explain key line items from balance sheet and income statement
 - Create a balance sheet and income statement given major account balances at various points in time
- Key accounting concepts for the actuary
 - Fair value vs. historical cost
 - Recognition vs. matching
 - Deferral-matching vs. asset-liability
 - Impairment
 - Revenue recognition
 - Reporting segment
 - Liquidation vs. going-concern
 - Change in accounting principal vs. change in accounting estimate
 - Principle-based vs. rule-based

B. Insurance Coverage Analysis

- The insurance policy
 - Distinguishing characteristics of an insurance policy
 - Resolving coverage disputes

- Insurance policy analysis
 - Physical construction of insurance policies
 - Common policy provisions
 - Policy analysis
- Personal auto policy
- Homeowners coverage
- Overview of commercial insurance
- Commercial property insurance
- Commercial general liability insurance
- Miscellaneous coverages

C. Insurance Law

- Tort law
 - Definition and classification of tort
 - Applicable law
- Negligence
 - Elements of negligence (legal duty, breach of duty, proximate cause, actual injury or damage)
 - Proof of negligence
 - Imputed negligence
 - Defenses
- Landowners and occupiers liability
- Professional liability
- Special liability
 - Strict liability and absolute liability
 - Products liability
 - Toxic tort and environmental damage claim
 - Public entity liability
- Damages
- Remedies
- Trends in tort litigation

D. Insurance Regulation

- Reasons for and objectives of insurance regulation
- Means of insurance regulation
- Rate regulatory practices and effects of rate regulation on insurers